



Daily Report

Central Eurasia

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CIS: ITAR-TASS Carries Press Review for 2 Aug
LD0208053596 Moscow ITAR-TASS in English
0505 GMT 2 Aug 96

["Press: Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, August 2 (Itar-Tass) — Follows a review of Friday's Moscow-based Russian newspapers dated August 2. The press highlights the strike called by coal miners in the country's Far East.

ROSSIYSKAYA GAZETA on strikers' resolve to remain on strike until wage arrears are fully repaid.

"We shall remain on strike until the Government and local authorities repay all wage arrears with an adjustment for inflation over the past half-year" is the decision taken by the coal miners at a conference held in the town of Artyom by work collectives, trade union committees and strikers' committees of the Maritime Territory's coal sector.

The Government makes a cardinal decision to eliminate the energy crisis. The newspaper wonders whether the funds assigned for the purpose will reach their destination.

It turned out to be impossible on Thursday to get any information at the Ministry of Finance on the developments in Maritime Territory. Both a Deputy Minister and departmental chiefs evaded interviews.

"At the same time, there questions the Finance Ministry has got to answer: how the funds assigned from the budget to the Far East were used? What was an exact amount of funds remitted to the town of Artyom on July 31? Three different, practically official sources mentioned such sums as 40,000 million roubles, 45,000 million and 50,300 million roubles. Which of them is the correct one? And are there any guarantees that the funds have reached miners without 'shrinkage and dissipation'?" the newspaper asks.

IZVESTIYA carries an interview given to the newspaper's Paris correspondent by Federal Security Service (FSB) chief Nikolay Kovalev.

The FSB chief dwelt on many a matter — the fight against terrorism, banditry, and economic crimes, including corruption. In particular, he pointed out an in-

crease in spying activities against Russia of late, with spies and traitors being impelled by mercenary motives, not ideological ones. He said people should not fear the restoration of the KGB structure.

ROSSIYSKIYE VESTI on the introduction of new customs regulations by Russia for shuttle trade business from August 1.

The newspaper runs an exclusive dispatch by Andrey Palariya, Itar-Tass correspondent in Turkey, about preparations in that country to adjust itself to the new regulations.

"Laleli district of Istanbul is the centre of bilateral shuttle trade in Turkey. The news from Moscow about new regulations has raised panic here", the correspondent writes.

The suggested measures are to lower from 4,000-5,000 Us dollars to 2,000-2,500 USD the chartered planes' expenses on servicing by ground service at Istanbul airport, to lower the taxation of goods bought by Russians, as well as to set up agencies to study complaints and suggestions. In addition, the government intends to establish a large shopping centre at Chobancesme near the Istanbul air terminal.

IZVESTIYA on diamond mining.

The sorry privatisers have managed to quickly ruin diamond-mining, the once thriving branch of the national industry, the newspaper writes. It took, for example, three years for the Diamonds of Russia-Sakha company to wreck the industry. Diamond mining has practically ceased to bring revenue to the Russian treasury.

The writer of the article blames this on the management of the corporatised company and on former (Communist) party functionaries who are preoccupied primarily with their own material interests.

ROSSIYSKAYA GAZETA on national idea.

What is a national idea? And how it should look like? Prominent politicians and political scientists have already discussed this topic. The newspaper runs the first comments from readers who took part in the Idea for Russia competition.

Russia: Primakov Puts Conditions on NATO Expansion

BR0108120096 Paris LE FIGARO in French
1 Aug 96 p 4

[Interview with Russian Foreign Minister Yevgeniy Primakov by Laure Mandeville; place and date not given]

[FBIS Translated Text] [Mandeville] You are coming out of a G-7 plus one meeting on terrorism at a time when Russia is being hit by a wave of bomb attacks. How can you explain this new Russian terrorism?

[Primakov] There can be no denying that it bears the mark of the Chechens. Yesterday Chechen warlord Salman Raduyev clearly announced to the press that his group was declaring mine and railroad warfare on Russia.

[Mandeville] A list of 25 antiterrorist measures was adopted in Paris. But would it not be better to attack the Chechen conflict at its political roots?

[Primakov] There are two things that must not be mixed up: terrorism and political solutions. Some countries close their eyes to the fact that there is such a thing as Chechen terrorism, yet it most certainly exists. So we must take the technical measures to combat it. It is striking to note that the Western countries all agree that ETA [Basque Fatherland and Liberty] is a terrorist movement, and they all agree that the actions of the IRA [Irish Republican Army] are terrorist actions. On the other hand, as soon as it comes to mines pushed into the Moscow subway system, this is no longer terrorism, but the echo of a political conflict!

[Mandeville] You seem to be saying that the attack which occurred on the eve of the presidential election in the Moscow subway was perpetrated by the Chechens. But there is no proof of their involvement.

[Primakov] You are right, it is not certain. Nonetheless, when Raduyev says that he is going to embark on mine warfare, it means that the Chechens are probably involved. We must take this into account.

[Mandeville] Is the resumption of massive military operations in Chechnya not aggravating the situation?

[Primakov] There is no military solution to the Chechnya conflict. We must continue the talks with all the parties to the conflict as well as with those who represent the majority of the Chechen people, in other words the team of Doku Zavgayev [name as published] (the man placed in office by Moscow — LE FIGARO editor's note). But nor should we forget that throughout the talks the attacks on the Russian Federation's forces have continued, claiming lives and causing injuries. Can we

talk of a real stop to the war when bombs are exploding and guard posts are being attacked? There are two answers: Either the Chechens' representatives who are seated around the negotiating table do not really want peace and are merely playing for time, or they control nothing. Both these scenarios are bad news. But the negotiations must continue all the same.

[Mandeville] That is not what is happening. Since Yeltsin's election, the operations of the Russian Army have been stepped up.

[Primakov] They have been resumed because of the attacks. But the negotiations are continuing because everyone believes they are necessary. Even Raduyev reiterated yesterday that he was in favor of negotiating the exchange of prisoners, so even he must continue to conduct a minimal dialogue.

[Mandeville] Does General Lebed, who has the experience of several armed conflicts and wants to deal personally with the Chechnya conflict, have more chance of putting an end to the war than his predecessors?

[Primakov] It is not a question of men, but a question of circumstances. I do not think that those who were in charge of the Chechnya conflict before Lebed were less qualified than he is.

[Mandeville] But what do you think of his capabilities as a politician?

[Primakov] He is undeniably an intelligent man. I have been able to see that myself during our talks.

[Mandeville] Do you think that one day he will have the decisionmaking powers that he has called for so often?

[Primakov] What are you talking about? What powers? General Lebed is the secretary of the Russian Security Council, and he is the president's assistant on questions of national security. Is this not power in your eyes?

[Mandeville] The Russian Security Council is merely an advisory body and it is Lebed himself who has reiterated that he supposedly needs specific powers to take action.

[Primakov] Is he still saying that? No.

[Mandeville] In the West the idea is taking shape that Russia is no longer as fiercely opposed to NATO's enlargement to the East. Is this true?

[Primakov] Russia continues to be totally opposed to NATO's eastward enlargement. The installation of military infrastructures on its borders is inadmissible.

[Mandeville] All the same, at the NATO summit in Berlin in June you uttered a phrase that was taken up by the entire world press: "I am not against the enlargement of NATO."

[Primakov] I repeat, what is unacceptable is that new military infrastructures be set up on our borders. Can you guarantee that the enlargement of NATO will not lead to the installation of military infrastructures? If your answer is yes, I too will give you a positive response.

[Mandeville] And what is NATO's response to you?

[Primakov] For the time being it is not responding at all.

[Mandeville] Russia is still waiting for its government to be formed. Does this wait have anything to do with the president's health?

[Primakov] Have you already seen a government formed before the president has been sworn in? The official ceremony will take place on the 9th and 10th; then we will have the list of the new government.

[Mandeville] How is the president's health?

[Primakov] I saw him last Saturday. He was very well.

Russia: Security Service Chief on G-7 Terrorism Conference

*LD0108152896 Moscow INTERFAX in English
1507 GMT 1 Aug 96*

[FBIS Transcribed Text] MOSCOW, Aug 1 (Interfax) — Russian Federal Security Service Director Nikolay Kovalev has said that the world is facing an outbreak of unmotivated terrorism, nobody claiming responsibility or making political demands after the attacks.

At the Paris conference in late July of interior and foreign ministers of the Group of Seven leading industrialized nation and Russia on fighting terrorism it was said that there are currently 500 terrorist organizations in the world and their number is increasing, he said at a meeting with journalists in Moscow on Thursday.

Those at the conference called for unification of anti-terrorist legislation; important documents on this issue were discussed, Kovalev said.

In response to an Interfax question, he said that the conference regarded "Chechen terrorism" as state-sponsored and posing a danger to the world community. Steps against "Chechen terrorism" were also discussed. Statements were made about the inadmissibility of supporting the Chechen separatist fighters, supplying arms and communication hardware to them or granting them political asylum, Kovalev said. The need to extradite Chechen gunmen was also discussed, Kovalev said.

The operation of Russian special services was regarded as effective at the conference, he said. "We prevented

most terrorist attacks. Some did take place but that is the situation in this country," Kovalev said.

Russia: FSB Director Hails Outcome of Paris Anti-Terrorism Meeting

*LD0108230096 Moscow ITAR-TASS World Service
in Russian 1719 GMT 1 Aug 96*

[By ITAR-TASS correspondent Andrey Galkin]

[FBIS Translated Text] Moscow, 1 Aug — The Paris conference has highly praised the efficiency of the Russian special services. "Russia's proposals were laid down at the foundation of the agreements reached at the conference and constituted the core of the conference's decisions," Nikolay Kovalev, director of the Federal Security Service [FSB], told journalists at a briefing today.

Agreements reached between the special services of the eight states on mutual help and practical cooperation, including in the legal sphere, and on a broad exchange of experience were the main outcome of the conference, Kovalev said.

The FSB director underlined the fact that all decisions had been made by the G-8, which is "the acknowledgement of Russia's role and place in the world." According to Kovalev, it is important that the high parties share the understanding of "the need to create a single anti-terrorist field."

Kovalev also noted the success of the talks he had held with the French special services and French Interior Minister Debre.

Asked by an ITAR-TASS correspondent about specific manifestations of the agreements, the FSB director singled out two aspects of the special services' cooperation on the international arena: the monitoring of the possible terrorist training sites and the sharing of information and monitoring of "international swindlers who infiltrate into Russia with their well-tested predatory schemes."

Russia: Yeltsin 'State of Health' Seen as Delaying Kiev Trip

*MM0208101896 Moscow IZVESTIYA in Russian
2 Aug 96 p 3*

[Report by Boris Vinogradov: "Slav Talk Does Not Promise To Be Smooth This Time Either"]

[FBIS Translated Text] On arriving in Moscow Ukrainian Foreign Minister Hennadiy Udovenko stated that he intends to finally discard the whole burden of as yet unresolved problems with regard to Russia and to begin a new, normal life. Whether he will succeed in

the two days allotted in achieving what our diplomats have been unable to resolve over the past few years will be shown by the results of the visit.

The optimistic mood of the head of the Ukrainian foreign policy department is based primarily on the certainty that Russia since the presidential elections has more or less "decided on its long term prospect." This is the first visit by an envoy from Kiev to Moscow since the elections.

According to Leonid Kuchma, who saw the minister off, Ukraine's main task in relations with Russia is the preparation and signing of a full-scale treaty.

Hennadiy Udovenko, following Leonid Kuchma, called the relations with Russia "the first priority." Intending to achieve "definitive normalization" in Moscow and to move these relations into the channel of good-neighborly partnership, he stressed that this is dictated by our common history, geography, culture, and other factors. If all that has been planned is done then an opportunity will be opened up for Russian President Boris Yeltsin's long-promised visit to Kiev.

The visit has been put off so many times that given the present practice of international relations this is becoming a very rare diplomatic case. Yeltsin made his last decision "not to go" in April, stating at the time that he would not come to Ukraine until the problem of the Black Sea Fleet had been resolved. Many observers, however, are inclined in the present situation to link the endless deferments not only and not so much with politics as with a different reason — the Russian president's state of health.

The problem of the division of the Black Sea Fleet and the basing of the Russian Navy in Sevastopol is the most acute right now. Under the new constitution adopted by the Ukrainian parliament a month ago Ukraine is not allowed to have foreign military bases on its territory. But an exception is made for Russia in accordance with the 9 June 1995 Sochi agreement, which says that Sevastopol remains a Russian Navy base.

It is a question of a minor matter — the duration and terms of the lease. Both sides long since realized that it is here that a compromise must be sought. How many dollars a year Ukraine will ask for and how much Russia will be able to pay remains a secret. Evidently the trading will continue not for two days but for considerably longer.

One more question which so far seem unresolved is Ukraine's demand to demilitarize and demarcate the border. Under the CIS conditions of 8 December 1991 the border within the framework of the CIS remains "transparent," as it were and so far no one has made such

demands. Border posts so far exist only on transport mainlines and at airports. Setting up the same kind of border which we are now forming with the Baltic countries will be highly disadvantageous to Russia. And to Ukraine too, probably.

Russia: Peacekeeping Not on Agenda for Primakov-Udovenko Talks

*LD0108120696 Moscow INTERFAX in English
1043 GMT 1 Aug 96*

[FBIS Transcribed Text] Moscow, August 1, (Interfax-Ukraine) — Talks have opened in the Russian capital on Thursday between Ukrainian Foreign Minister Hennadiy Udovenko and his Russian counterpart Yevgeniy Primakov.

Hennadiy Udovenko is currently on a two-day working visit in Moscow.

Opening the plenary meeting of the two delegations, Russian Foreign Minister Yevgeniy Primakov indicated that "Russia attaches special significance to relations with Ukraine".

He expressed hope that the visit of the Ukrainian delegation along with the forthcoming talks in Moscow would give a fresh impetus to bilateral relations.

Hennadiy Udovenko said in response that the negotiating process between the two nations "has recently subsided to some extent" in connection with the presidential campaign in Russia and adoption of the new Constitution in Ukraine. The Ukrainian Minister voiced hope that his Moscow talks would "give a fresh incentive to the Russian-Ukrainian dialogue on various issues."

Later in the day the two Foreign Ministers are due to hold an eye-to-eye meeting, according to an Interfax-Ukraine correspondent.

In the afternoon, Hennadiy Udovenko is due to meet and talk with foreign policy aide to the Russian President Dmitry Ryurikov and National Security Council Secretary Aleksandr Lebed.

A meeting between the Ukrainian Foreign Minister and Russian Premier Viktor Chernomyrdin has been tentatively scheduled for Friday morning, our correspondent has been told by a Foreign Ministry official.

Hennadiy Udovenko's current visit to Moscow is intended to invigorate the negotiating process with Russia in order to pave the ground for bilateral high-level talks and the speediest signing of a general political treaty between the two states, the source reported.

The closing press-conference of the two Foreign Ministers has been slated for 12:00 on Friday.

The current talks in Moscow will not cover issues involved in the formation of a peacekeeping force, Ukraine's Deputy Foreign Minister Kostyantyn Hryshchenko told Interfax-Ukraine. This was his comment on yesterday's statement by the Ukrainian Republican Party, expressing concern over the possibility of holding talks on that issue.

Russia: Moscow, Kiev Seek Strategic Partnership
*LD0108162096 Moscow ITAR-TASS World Service
in Russian 1519 GMT 1 Aug 96*

[FBIS Translated Text] Moscow, 1 Aug (ITAR-TASS) — At a meeting that took place today, Russian Security Council Secretary Aleksandr Lebed and Hennadiy Udovenko, Ukrainian presidential aide for national security and foreign affairs minister, expressed the opinion that the main aim in relations between Russia and Ukraine is, just as before, to establish a genuinely strategic partnership.

The release received by ITAR-TASS at the press service of the secretary of the Security Council stresses that the new political treaty that has been prepared for signing will undoubtedly give a powerful impetus to Russian-Ukrainian cooperation. At the same time, there are a number of problems in bilateral ties. Political will on the part of Kiev is needed to solve them.

Issues touched upon were the Black Sea fleet, Ukraine's attitude to NATO, a model of European security, problems relating to the Dniester republic, as well as border issues in Russian-Ukrainian relations.

Russia: Primakov, Ukrainian Counterpart Hold Meeting

*LD0108180696 Moscow NTV in Russian
1500 GMT 1 Aug 96*

[Report over video by unidentified correspondent, including recorded comments by Ukrainian Foreign Minister Hennadiy Udovenko; from the "Segodnya" newscast presented by Mikhail Osokin]

[FBIS Translated Text] [Osokin] Russian-Ukrainian talks at the level of foreign ministers began in Moscow today. As President Boris Yeltsin once said, there were sparks of misunderstanding between the two countries in the past. Now some of the problems still remain rather heated, but the situation is better than before.

[Correspondent] Russian Foreign Minister Yevgeniy Primakov began the meeting with a traditional statement: Moscow attaches special importance to relations with Kiev. Tomorrow, Ukrainian Foreign Minister Hennadiy Udovenko is to meet Prime Minister Viktor Chernomyrdin. Meanwhile, Udovenko hopes that an ex-

change of courtesies during his meetings with representatives of the top echelons of power in Moscow will not be the only outcome of his two-day visit. Udovenko has come to Moscow, as he said, to step up the negotiating process regarding the division of the Black Sea fleet and the signing of a large-scale treaty between Ukraine and Russia.

In private conversations, Ukrainian diplomats are saying that it is a shame that this treaty has not been signed yet.

The status of Sevastopol and the conditions of the deployment of the Russian fleet there are also under discussion at the talks in Moscow. Udovenko thinks that the problem of Sevastopol has been too politicized.

[Udovenko] There is so much talk about Sevastopol. But what Sevastopol needs is elementary — it needs money, it needs cold and hot running water, it needs to pay pensions to its pensioners, and to renovate schools. These problems must be resolved first. That is all.

[Correspondent] It is expected that tomorrow Yevgeniy Primakov and Udovenko will give a news conference on the results of the talks.

Russia: Udovenko Comments on Meeting With Lebed

*LD0108184896 Kiev UNIAN in Ukrainian
1655 GMT 1 Aug 96*

[FBIS Translated Text] Moscow, 1 Aug. UNIAN — Ukrainian Foreign Minister Hennadiy Udovenko has told a UNIAN correspondent in Moscow that all issues of Ukrainian-Russian relations will be resolved and Russian President Boris Yeltsin will pay a visit to Kiev to sign a large-scale political treaty, only after the Black Sea Fleet problem has been settled.

Udovenko said he will again meet Russian Foreign Minister Yevgeniy Primakov after the inauguration of the Russian president, and "the treaty will be ready for signing under new conditions that have taken shape after the adoption of the Ukrainian Constitution." He said that at the meeting with Dmitriy Ryurikov, the Russian president's foreign affairs aide, and Aleksandr Lebed, the secretary of the Russian Security Council, the Russian side expressed concern about the current status of the Russian language in Ukraine.

Issues pertaining to the Black Sea Fleet and regulation of the Dniester problem were touched upon during Udovenko's meeting with Lebed. Udovenko said he "found out quite a few important and interesting things" at that meeting as regards the settlement of the Dniester problem; in particular, the problem of destroying

ammunition, large quantities of which are stored in the Dniester region.

Udovenko will meet Russian Prime Minister Viktor Chernomyrdin on Friday, 2 August.

Russia: Bilateral Talks With Ukraine on Black Sea Fleet, Security

LD010821196 Moscow ITAR-TASS in English
2013 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, August 1 (Itar-Tass) — Ukrainian Foreign Minister Hennadiy Udovenko, who is currently on a working visit to Moscow, stated today that the Ukrainian leadership sought to intensify relations with Russia, Dmitriy Ryurikov, aid to the Russian president on international issues, told Itar-Tass after a meeting with the head of the Ukrainian Foreign Ministry.

The aid to the Russian president noted that the Ukrainian side had expressed the readiness to discuss bilateral relations on the whole spectrum of issues.

In particular, during the meeting the sides "discussed the problem of the Black Sea Fleet, various aspects of European security and NATO expansion, and the intensification of contacts at different levels between the state structures of Russia and Ukraine."

Touching on the problem of the Black Sea Fleet, Dmitriy Ryurikov admitted that "so far, there are no advances in this respect."

During today's meeting both sides "expressed the desire to settle this problem in such a way that the interests of Russia and Ukraine were observed in a fitting manner," the aid to the Russian president said.

Russia: Udovenko Declares Russia's Zatulin Persons Non Grata

LD0108211896 Kiev UNIAN in Ukrainian
1515 GMT 1 Aug 96

[FBIS Translated Text] Moscow, 1 Aug. UNIAN — If Konstantin Zatulin, the director of the Russian Institute for Issues of the Diaspora and Integration, continues to make anti-Ukrainian statements aimed at destabilizing the situation in Sevastopol and Crimea, when he again visits Ukraine, he will be arrested and detained, Ukrainian Foreign Minister Hennadiy Udovenko has told a UNIAN correspondent in Moscow. Udovenko reiterated that the Ukrainian Government's decision declaring Zatulin persona non grata remains in force.

UNIAN has already reported that Zatulin met representatives of public organizations and the command of the

Black Sea Fleet during his visit to Sevastopol last weekend.

Russia: Ukrainian Delegation Seeks Release of UNA Members in Minsk

LD0108114496 Kiev UNIAN in Ukrainian
1000 GMT 1 Aug 96

[FBIS Transcribed Text] Moscow, 1 Aug — A UNA-UNSD [Ukrainian National Assembly - Ukrainian National Self Defense] delegation led by Anatoliy Lupynis, head of the UNA political department, has arrived in Moscow. Lupynis told UNIAN they came to Moscow to request the Russian authorities' assistance in the exchange of seven UNA-UNSD members detained in Minsk for 14 Russian border guards captured in Chechnya. The UNA leader said an agreement had been reached with Colonel General Andrey Nikolayev, director of the Russian Federal Border Service.

Russia: Zhirinovskiy Claims Slovak Kidnapped in Grozny 'CIA Agent'

AU0108133396 Bratislava PRAVDA in Slovak
1 Aug 96 p 15

[Report by Felix Alexejev: "It Is All Clear to Zhirinovskiy"]

[FBIS Translated Text] Moscow — The news conference held on Wednesday [31 July] by Vladimir Zhirinovskiy, Russian Liberal Democratic Party chairman, did not lag behind his previous ones as far as "shocking" statements are concerned. The main topic this time was the activity of the intelligence services.

He went into it (or his flight of fancy?) decidedly deeply yesterday. Namely, he asked: What was the kidnapped Slovene citizen Stefan Hajdin doing in Grozny? Could it be that he was working for the CIA? I could not help it, I interrupted his introductory monologue: Do you, perhaps, mean the Slovak Hajdin and do you think that he is a CIA agent? Zhirinovskiy corrected himself and confirmed that he had meant the Slovak citizen, but he replied to the other part of my question without "corrections." "The entire organization operates in Chechnya. Tradesmen from Slovakia, but also from other countries, have no business being in Chechnya. Let them stay at home and not interfere in our affairs."

In reply to a direct question on whether his allegation about the Slovak citizen's links with the CIA is based on specific information or is merely supposition, he said: "Chechnya is a dangerous place today. What would an honest businessman be doing there? Other than espionage, what could he be involved in there? Where is Grozny and where is Bratislava..."

I got stuck into Vladimir Volfovich. So, according to you, the Slovak construction workers building public amenities in neighboring Ingushetia may be CIA agents? "Nothing is out of the question. What are they doing there, where there is a war of weapons and drugs? Let them stay in Moscow," said Zhirinovskiy in concluding the discussion on the kidnapped Slovak.

Major General Filatov, who heads the press department of Zhirinovskiy's party, declared that the Slovak kidnapped by the Chechens is "in our" hands and that he will be released when he makes a deposition. However, he did not want to say anything specific. I received the same reply to the questions I put to the press departments of the Russian Interior Ministry, Federal Security Service, and Prosecutor General's Office: "At the moment, we know nothing about the grounds for Gen. Filatov's claim."

**Russia: Moscow Criticizes U.S. Congress
Amendment on Chechnya**

LD0108134496 Moscow INTERFAX in English
1338 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, August 1 (Interfax) — A senior official from the Russian Foreign Ministry, Vladimir Andreyev, has described as strange to say the least the recent amendment by the U.S. Congress to the bill on overseas operations in the fiscal year 1997 dealing with the Chechen conflict.

The amendment, passed on the initiative of Senator Jesse Helms, reflects a biased idea of the situation in Chechnya, and contrary to facts the responsibility for the lack of settlement is placed on the federal authorities, he said at a Thursday briefing in Moscow.

"We categorically disagree with such an evaluation," Andreyev said.

He said the Russian leadership adheres to the policy of a peaceful political settlement in Chechnya.

However, the implementation of the policy faces serious problems due to the actions of Chechen separatists sabotaging the process of talks and resorting to acts of violence, the diplomat said.

For more details see today's Interfax Diplomatic Panorama.

**Russia: Moscow Criticizes Outside Interference in
Northern Iraq**

LD0108144996 Moscow INTERFAX in English
1435 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, August 1 (Interfax) — Moscow has drawn attention to growing foreign

armed interference in northern Iraq, an area mainly populated by Kurds.

Russian Foreign Ministry spokesman Vladimir Andreyev told a Thursday briefing in Moscow that Turkish army operations and Turkish air raids have become almost routine in the area. Reports came in a few days ago about Iranian armed interference in Iraqi Kurdistan, the diplomat said.

Andreyev said the Russian side is aware of the complexity of the problems of northern Iraq, where political, ethnic and other contradictions are being aggravated by growing outside interference. However Moscow believes actions against Iraq taken without due respect for its sovereignty or territorial integrity contradict the task of guaranteeing peace and stability in the region, the diplomat said.

**Russia: Trade Increase With Belgrade Planned To
Offset Losses**

LD0208104296 Moscow INTERFAX in English
1027 GMT 2 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 2 (Interfax) — Moscow plans to offset losses estimated at billions of dollars which it sustained as a result of its involvement in the sanctions against Yugoslavia by stepping up trade and economic cooperation with Belgrade, officials in the European and North American Department of the Russian Ministry for Foreign Economic Relations told Interfax.

Before sanctions were imposed on the Federal Republic of Yugoslavia, which incorporates Serbia and Montenegro, the volume of bilateral trade ranged from \$2 billion to \$2.5 billion a year, ministry officials say.

Due to the ban on all trading and financial transactions with Belgrade, Moscow lost an estimated \$2 billion in the first year of sanctions alone, the ministry said.

The volume of trade dropped to \$300 million in 1995.

The suspension of the sanctions at the end of 1995 may enable the two countries to resume trade at the former level or on an even larger scale by implementing the agreements reached in 1994-95, ministry officials said.

At the first stage Russian fuels, power equipment, and certain engineering and chemical goods could be exchanged for clothing, footwear and other textile products, foodstuffs and industrial equipment from Belgrade.

Ministry experts expect Moscow and Belgrade to carry out large joint projects worth hundreds of millions of dollars, in particular the construction of gas pipelines in

the north of Serbia and an oil pipeline linking Budapest and Novi Sad, a town in the north of Serbia.

Under the intergovernmental agreements signed last April, 2.5 million tonnes of oil will be supplied to Serbia

and Montenegro annually until 2010, while supplies of natural gas will increase from 3.5 billion to 8 billion cubic meters a year.

Political Issues

Russia: Aide Says Yeltsin's Health 'Worse', Names Possible Successors

LD0208101296 Moscow INTERFAX in English
0707 GMT 2 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 2 (Interfax) — Russian presidential aide Georgiy Satarov believes that National Security Council Secretary Aleksandr Lebed, Moscow Mayor Yuriy Luzhkov or Prime Minister Viktor Chernomyrdin may succeed Russian President Boris Yeltsin.

"It is not accidental that the three are mentioned as such. This is the result of a kind of selection," he told the SEGODNYA newspaper in an interview published on Friday.

Satarov does not rule out the possibility that some other possible successor may emerge in two or three years.

Asked about the president's health, he said it was certainly worse than in May.

Satarov said, however, that Yeltsin is in a good intellectual and psychological shape. The president is tired and needs a good rest, he said.

Russia: Seleznev Says Yeltsin Expected Back From Vacation 6 Aug

LD0208112396 Moscow INTERFAX in English
1114 GMT 2 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 2 (Interfax) — Russian President Boris Yeltsin is expected to return from his vacation next Tuesday, August 6, State Duma Chairman Gennadiy Seleznev told journalists Friday with reference to sources in the presidential secretariat.

Seleznev said he would find out shortly after Yeltsin's return when the latter planned to formally name his candidate for prime minister.

"We would like the president to name his candidate for the head of government in the afternoon of August 9," Seleznev said. "If so, the deputies gathered in Moscow to attend the presidential inauguration ceremony would be able to consider this issue at a special Duma session next day."

Russia: Yeltsin To Take 'Regular Holiday' After Inauguration

MK0208105896 Moscow MOSKOVSKAYA PRAVDA in Russian 2 Aug 96 pp 1-2

[Article by Mikhail Strakhov: "When Does the President Rest?"]

[FBIS Translated Text] The question of how the president rests is not in the realm of idle interest. The head of state's health is in a special category transcending the framework of the medical record of one individual. On his state also depends the country's normal heart beat, and even international life. The president's blood pressure influences the mood not only of his relatives, but also of millions of citizens who want to be sure their president is in good health and is meticulously carrying out the duties they entrusted to him by electing him to a high position.

This is at least how they see it in any civilized country. Which is why, after the announcement that Boris Nikolayevich [Yeltsin] was taking a two-week time out after the elections, the majority of people in Russia took it in an absolutely natural manner — the president had been through a grueling election campaign, traveled to nearly 30 regions, was energetic, vigorous and, naturally, had become a bit tired. While it is also clear that he did not feel all too well, something his aides were trying to rather awkwardly deny, it is not clear why, literally on the next day of his vacation, the president was pestered by visitors — ranging from the premier to ministers — coming to him not to tell jokes, but on important state business. Even the Defense Ministry collegium met in Barvikha. This is in addition to the nearly daily edicts that Yeltsin signed while on vacation. What sort of vacation is this? Why did they not let the president rest normally and summon up fresh energy to be, as they say, equal to the lofty mission he has undertaken, especially at such a difficult period for the country?

True, the latest official reports have come to include a sly formula with regard to Boris Nikolayevich's stay in Barvikha — a working vacation. The lawyers we turned to could not interpret it in any sensible way. They do not come across it in their practice. There is a regular vacation, and there is an unpaid vacation, they explained.

What sort of vacation is the president on? We turned with this question to the presidential staff — thus, judging by their inarticulate explanations, putting its members in a somewhat difficult situation. Briefly, their answers boiled down to the fact that the president is generally working, but he is as it were simultaneously

resting. Not in a sanitarium but in a country residence, as the "roof" was not provided to him by the 4th Directorate of the Ministry of Public Health. Generally, we were told, the president is so overloaded with daily work, which surpasses the normal amount, that he can himself regulate his [daily] routine. This is his right.

It goes without saying that the head of state is not an average "9-to-5" white collar worker and is free to set for himself a pace that to the greatest degree corresponds to the effectiveness of his work. He also chooses the appropriate time to rest. But we would like to be certain — is the president on vacation or is he performing his duties. Otherwise, it is a dubious situation — Boris Nikolayevich is pretending to be resting and his aides are pretending that he is working. This confuses the minds of citizens quite loyal to the president and spawns rumors about the head of state's health even if they may be far from the truth.

In the context of the subject we have touched upon, we decided to find out whether heads of other countries have working vacations. This term proved to be unknown to those we turned to in a number of foreign embassies. For example, a member of the FRG Embassy said that Chancellor Kohl has spent his annual vacation at a lake in Austria for 25 years now and he makes the most of his vacation, as they say. Naturally, he is not cut off from current affairs and top priority information reaches him. At the same time, the chancellor can allow himself to have a few days off at other times of the year, which is called for owing to the daily pressure of work and the unspecified duration of his work days. We are not talking, however, about long "working vacations." Should Kohl feel sick, this is reported openly, and there can be no reservations.

In the course of this small investigation, we have managed to also procure some more definite information — Boris Nikolayevich is leaving on his regular holiday [ocherednoy otpusk] right after the inauguration. Let us hope it is going to be real. The more so because, having visited Barvikha, Presidential Chief of Staff A. Chubays thought that the head of state "needs a normal vacation." Let us wish the president a good vacation. Not a working one.

Russia: Yeltsin Orders Probe Into Maritime Power Sector Crisis

LD0208124796 Moscow ITAR-TASS in English
1222 GMT 2 Aug 96

[By Leonid Raytsin]

[FBIS Transcribed Text] MOSCOW, August 2 (Itar-Tass) — President Boris Yeltsin has ordered a probe into the crisis of the Maritime territorial power sector.

An informed Kremlin source said Yeltsin wants the probe, to be carried out within ten days, to lead to punishment of the guilty.

He has brought to notice of Prime Minister Viktor Chernomyrdin the poor progress in the reform of the Russian energy sector.

The Kremlin official said 60 billion roubles had been appropriated from the federal budget in January of this year in wage for the Maritime power and coal sectors. However, only 20 billion had been paid in wage, with the rest going into coffers of the territorial administration. Where the balance is now remains unknown.

Russia: Yeltsin Campaign Team To Serve as Planning Council

LD0108185596 Moscow INTERFAX in English
1542 GMT 1 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] [no dateline as received] The analytical group which worked in Yeltsin's election headquarters must be the basis of the presidential Council of Political (or strategic) Planning. "The President himself has passed this decision," State Duma deputy Sergey Shakhray told Interfax Thursday.

The group was made up, in particular, of Anatoliy Chubays, Vasilii Shakhnovskiy, Aleksandr Oslon, Sergey Shakhray and others.

"The president himself will announce the personal composition of the Council," Shakhray said.

The Council must not draw up "analytical notes" which "are being put on the presidential table in great numbers now" but must work "in a brain-storming mode with the participation of the president himself," Shakhray said.

"This must be a common and joint search for ways to solve problems," if this does not happen "the idea of the Council will die," he said.

According to Shakhray, the Council for Political Planning must work both to solve current tasks and "as a prophylaxis of problems."

Asked about the upcoming inauguration ceremony, Shakhray said the August 9 ceremony must become a "procedure which will lay down the tradition of inauguration of all subsequent presidents."

The ceremony implies an official announcement of the election results by the chairman of the Central Electoral Commission and the handover of a special certificate to the president-elect. Then the chairman of

the Constitutional Court of Russia will propose Yeltsin take an oath on the Russian constitution. The text of the oath is laid down in the constitution and "here one cannot improvise here," Shakhray said.

The inauguration ceremony "must lay down the tradition of handing over the symbols of the Russian presidency" such as the presidential standard, special edition of the constitution and presidential sign, Shakhray said. These symbols should be transferred to every new president and kept in the Kremlin in between the elections.

Russia: Two Officials Appointed to Presidential Administration

LD0108125096 Moscow ITAR-TASS World Service
in Russian 1142 GMT 1 Aug 96

[By ITAR-TASS correspondent]

[FBIS Translated Text] Moscow, 1 Aug (Itar-Tass) — Yevgeniy Savostyanov, who holds a diploma in mining engineering and physics, has been appointed head of the Personnel Directorate in the Administration of the Russian President. An ITAR-TASS correspondent learned this today from sources in the Kremlin.

According to the sources, the appointment of 44-year-old Yevgeniy Savostyanov to one of the key posts in the presidential team was discussed at the meeting on 31 August between Boris Yeltsin and head of his administration Anatoliy Chubays, who put forward the proposal. The sources noted that the head of state backed the proposal to appoint Savostyanov to the post. In 1991-94 he held several leading posts in various Russian federal security services.

The sources also said that Aleksey Kudrin, former first deputy of St. Petersburg Mayor Anatoliy Sobchak, had been appointed head of the President's Monitoring Directorate.

Aleksey Kudrin is 36. He graduated from the faculty of economics at Leningrad State University and holds a master's degree in economics.

Russia: New Yeltsin Appointee Served as Former Counterintelligence Head

LD0108133096 Moscow INTERFAX in English
1307 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 1 (Interfax) — Russian President Boris Yeltsin appointed Yevgeniy Savostyanov chief of the personnel board in the presidential headquarters Thursday, sources in the Kremlin told Interfax.

Savostyanov was deputy director in the Federal Counterintelligence Service, now called the Federal Security

Service (FSB), and headed the Moscow board of the FSB from 1991 to 1994.

Russia: Chubays Announces Priority Tasks for Deputies

LD0108185896 Moscow INTERFAX in English
1742 GMT 1 Aug 96

[FBIS Transcribed Text] Moscow, 1 Aug (INTERFAX) — Anatoliy Chubays, head of the Russian presidential administration, has named the priority tasks of his new deputies Maxim Boyko, Aleksey Kudrin, and Yevgeniy Savostyanov, appointed by presidential decree Thursday.

Chubays told INTERFAX on Thursday evening that Boyko will be in charge of relations with political parties and public organizations.

Kudrin, who will head the audit department, will analyze the progress of reforms and economic development in the regions.

Savostyanov will be in charge of the personnel, primarily the formation of the presidential chain of command.

Chubays said he suggested all three to President Boris Yeltsin a few days ago. "The president personally knows some of them," he added.

Chubays said he met Prime Minister Viktor Chernomyrdin and speaker of the Federation Council Yegor Stroyev Thursday.

With Chernomyrdin he discussed the organization of local elections and personnel questions in this context. Proposals for the president were worked out on the matters.

Chubays discussed with Stroyev the coordination of the efforts of the presidential administration and Federation Council in organizing local elections, as well as the methods and forms of their relations.

Russia: FSB Names Chechen Sought Over Bus Bombings

MM0208100296 Moscow IZVESTIYA in Russian
1 Aug 96 pp 1, 2

[Report by Grigoriy Punanov, Yuriy Senatorov, and Aleksandr Chuykov: "Explosions in Moscow and Nalchik Planned by Same Terrorist. Federal Security Service Seeks Chechen Field Commander Ruslan Khaykhoroyev"]

[FBIS Translated Text] The main theory for the trolleybus explosions that rocked the center of Moscow 11 and 12 July is the "Chechen connection." Supposedly the

man behind these two explosions is known. According to the FSB's [Federal Security Service's] theory he is Ruslan Khaykhoroyev, one of the self-proclaimed Republic of Ichkeria's most diehard field commanders. As is known, he has also been accused by the Russian security service of planning the explosion on the intercity passenger bus in Nalchik. Khaykhoroyev's name has been added to the list of Chechen terrorists wanted by the Russian special services.

Ruslan Khuseynovich Khaykhoroyev is 33 years old. He was born in the village of Bamut. He is a former member of Dudayev's personal bodyguard and now commands a front. He stands out among Chechen commanders for his particular cruelty to Russian prisoners of war. It has been suggested that he has something to do with the disappearance without trace of NEVSKOYE VREMYA [NEVSKOYE TIMES] newspaper journalists.

The theory regarding Khaykhoroyev's involvement in the Moscow trolleybus explosions was not plucked out of thin air deep within the FSB. According to explosives specialists involved in the investigation of these terrorist acts, the handiwork involved in manufacturing the explosive devices used in Moscow and Nalchik is identical. As is known, the two people detained on suspicion of committing the terrorist act in the North Caucasus were "broken" and mentioned Khaykhoroyev's name.

According to information received by us from a high-ranking source in the FSB, immediately after the first Moscow trolleybus explosion Khaykhoroyev telephoned the Russian FSB Antiterrorist Center and claimed responsibility on behalf of himself and his grouping. At the same time he demanded that air raids on the Chechen population centers of Gekhi and Bamut be terminated. The bombing of these population centers was indeed terminated, moreover on 11 July, the day of the first Moscow trolleybus explosion.

If this theory is correct, at first glance one cannot understand the second explosion which rocked Moscow the day after the first and which was also in the morning and also on a trolleybus. Why was a second terrorist act needed if the terrorists' demands were met right after the first? The answer to this question could be as follows: There was a breakdown in communication between the commander and the perpetrator (communications difficulties, inefficient organization, etc.) and on 12 July the detonators worked according to plan.

But unlike the FSB the General Prosecutor's Office Administration, which is supervising the investigation of the terrorist acts, has a different opinion. According to Yuriy Zakharov, the administration's chief, the Chechen connection was put on the back burner long ago in this case. Now, according to Zakharov, the investigation

team has new theories, which he categorically refused to disclose.

The difference between the information coming from the prosecutor's office and the FSB could be explained as follows: Certain departments are deliberately releasing disinformation. If we recall prosecutors' categorical refusal to communicate with journalists and the reluctant and vague allusion to other theories, then it can be assumed that it was their nests in which the "canard" was hatched.

When faced with attempts to find out something about the progress of the investigation the General Prosecutor's Office has blatantly fobbed us off for a week now. At first Zakharov's deputy refused to talk to IZVESTIYA for a long time, citing the secrecy of the investigation, his fear of exposing witnesses, and so on, but eventually he promised to give some information. On the appointed day it turned out that he had gone on leave. According to Zakharov, his deputy had been inundated with blatant threats from unidentified persons. But who can threaten the prosecutor supervising the investigation and for what purpose? Can this really have forced the prosecutor to go on leave so suddenly?

Generally, the almost total lack of official reports on the progress of the investigation of the terrorist act invites a lamentable comparison with the information which the U.S. special services have been giving the public every day since the explosion at the Atlanta Olympics. The public has the right to know how the search for the terrorists is going and it needs to know. As the experience of Atlanta shows, information does not hinder an investigation and does not help the criminal to escape punishment. For this reason it seems that the special services' secrecy is a sign of their impotence. But that is not exactly a sensation to us.

Russia: FSB Head Interviewed on Terrorism, Espionage, Crime

*MM0108170096 Moscow IZVESTIYA in Russian
2 Aug 96 p 4*

[Interview with Federal Security Service Director Nikolay Dmitriyevich Kovalev by Yuriy Kovalenko in Paris; date not given: "Nikolay Kovalev: 'People Are Now Spying for the Money'"]

[FBIS Translated Text] Paris — Federal Security Service [FSB] Director Nikolay Dmitriyevich Kovalev has come to Paris to take part in a conference of the "G-8" on terrorism problems.

Our conversation began with a question about the wave of unsolved killings and terrorist acts sweeping across Russia.

[Kovalev] My priority as FSB director is obviously the investigation of explosions and killings, which I am monitoring specially. They include the murders of Vladislav Listyev, Dmitriy Kholodov, Ivan Kivelidi, and other well-known people. Together with the General Prosecutor's Office, we have made significant advances in the investigation of these crimes. I am not at liberty to say in what way exactly because the investigator alone must decide when the materials of a case can be made public and to what extent.

As far as the explosions in the Moscow subway and on trolleybuses are concerned, we are cautious about drawing conclusion because no one has taken responsibility for them or announced any demands. No conditions are being set as regards what the Moscow authorities should do in order to put an end to the terrorist acts. We are working on several possibilities simultaneously, including the involvement of criminal groups. These explosions have coincided strangely with the issue of the presidential edict on intensifying the fight against crime in Moscow and Moscow Oblast.

Nor are we rejecting the possibility of the involvement of Chechen formations. Today we can say openly that the blast in Nalchik and the attempted bombing in Prokhladnoye, which was successfully prevented, are the work of one gang, which is posted in Chechnya and fighting there. This is the Khaykhoroyev gang, which specializes in carrying out terrorist acts in Russia and has set itself the task of destabilizing the political situation and drawing Dagestan and Kabardino-Balkaria into the conflict.

[Kovalenko] But bombs go off in Russia in connection with the division of spheres of influence too....

[Kovalev] That is what we call criminal infighting. It involves the division of property; it is a fight over the possession of shares in major enterprises or the allocation of land. A competitor in the market or a creditor who is owed money is eliminated in this way. Practice shows that it is easier to kill a man than pay him back a debt.

That is why I am in favor of forms of credit which make it pointless to kill a specific individual. I have in mind a collective form of decisionmaking. Until bankers or chiefs of any rank stop making decisions alone about whether to issue a credit or not, these killings will continue. Decisions on allocating land should also be collective. However, officials fight for this right, which represents a pretty big "income" item, to belong to them alone. A whole series of major crimes are connected specifically with the granting of land in Moscow and the Moscow region.

[Kovalenko] On the one hand cooperation among the special services of different countries is being strengthened, while on the other the war between them is not abating but, on the contrary, is intensifying. Our counterintelligence agents are complaining that there have never been so many spies in Russia before....

[Kovalev] It is true that spying activity has been very much stepped up, and we can feel this in our work. We have not detained so many spies since the time of World War II and the infiltration of German agents. Last year we convicted 28 Russian citizens of spying, and this year we have already convicted 11, and we have averted over 100 attempts to transfer top-secret information to foreign representatives in exchange for money.

As for collaboration with Western special services, this will develop where it is advantageous, either on a bilateral or multilateral level, and I am a fervent advocate of this myself. I have discussed these issues in particular at my meeting with U.S. Vice President Albert Gore and FBI and CIA representatives on providing mutual assistance.

I have reached agreement with French Interior Minister Debre on cooperation in exchanging information on cross-border organized crime. Incidentally, the danger posed to France by the so-called Russian mafia has been somewhat exaggerated, although there is indubitably an alarming trend. The main thing is to react in a timely fashion to a danger which is in the making.

In short, in areas where special services' interests diverge there will be sharp opposition, and where they converge there will be utterly open and trusting cooperation. This primarily concerns the fight against terrorism and the drugs business. Thus we are creating an integrated data base system on individuals and structures involved in it and on routes by which drugs are channeled into Russian territory.

In coordination with the special services of five countries, last year we intercepted drugs channels into Russia and confiscated 2.5 tonnes of drugs. This year over 10 tonnes have already been seized. Drugs not only mean the destruction of the nation's health but also the funding of criminal structures, which are growing fat and gaining strength. And one of the tasks of the world community is to chop off these tentacles. We are reaching agreement with the West on cooperation in the banking and financial sphere.

[Kovalenko] It appears that Western criminals are operating more and more energetically on our soil....

[Kovalev] I would not go so far as to claim that we are seeing a mass infiltration of criminals from the West into Russia. But there are individual cases. For

example, skilled economists are coming to our country to infiltrate economic structures and gain 100-percent control of what is called "black cash." They discover exactly aware what their proceeds are, and they know how much "black cash" a particular enterprise has. Then they hire professionals to carry out "raids," and all the money, down to the last cent, is raked out.

[Kovalenko] Foreign intelligence is successfully infiltrating the holy of holies — our Ministry of Foreign Affairs....

[Kovalev] I would not make a sensation out of Platon Obukhov's arrest. For our part this was ordinary, conventional counterintelligence work. Although we did, of course, carry out an operation of unique complexity.

Nevertheless, we had arranged businesslike relations with the British in the past. I well remember the assistance they gave me. I say "me" because at that time I was heading a group to expose corrupt people with relationships with the top echelons of power. I well remember how benevolently and, most importantly, candidly the British cooperated with us.

[Kovalenko] What pushes our compatriots onto the path of betraying the motherland today?

[Kovalev] We now have a situation in which people are starting to work against their own country not for ideological reasons but exclusively on the basis of material considerations. They do not have enough money, but they want to live well. Neither the novels that Obukhov wrote nor his Foreign Ministry wages provided that opportunity. I personally am doubly offended that he blackened by his "conduct" the name of his father — a man of great merit who did a great deal for the country. We do not have the slightest complaint against him.

[Kovalenko] All of society is aware today that things cannot go on like this and that decisive measures are needed to combat crime....

[Kovalev] I believe that the situation in the country is extraordinary and requires extraordinary measures to be taken. But we are continuing to work in the usual routine way, and that is our trouble. But the FSB is now being developed. Finally, after six years of reorganization, society has come to realize that a strong state cannot exist without a strong special service. We have received unequivocal support at all levels. We have consistently restored the investigative apparatus because without that tool, without the "chastising sword" — however much people might joke about and scoff at the term — there cannot be an efficient struggle against crime. And yet all the power structures which might have acted against

bandit groupings and used weapons have been taken away from the special services and security organs.

[Kovalenko] That is, part of the KGB's former structure is being restored, is it?

[Kovalev] There is no need to fear that. I would like to remind you that the special services' task is to ensure compliance with the laws and to serve the lawfully elected government. In this sense the old KGB served a system which dictated its own laws. But even today we speak about some imperfection in the legislation. At the same time I would like to point out that we have done away — quite rightly — with many punitive functions. For example, we have abandoned "ideological" work. I mean the footnote to Article 190. Although I cannot remember other special services' giving up monitoring public parties and movements which set themselves certain extremist or terrorist aims.

[Kovalenko] The power structures are touched by corruption, and you see it as one of your chief tasks to prevent its further spread....

[Kovalev] In speaking of corruption and other serious problems, I propose to take the path of a number of civilized countries on certain points. It is a question of setting up under one of the financial departments a special organization which would be given the right to conduct an experiment in so-called "entrapment." In other words, someone goes to an official with a pack of documents, asks him to push them through as quickly as possible, and offers a bribe. If the official does not resist, he takes an administrative penalty, i.e., he is dismissed, but on no account a criminal penalty. Such a structure must not exist in law enforcement organs, which must not have the right to engage in such "provocation." In my view, it is the financial organs that should fight for purity in official ranks. This is a task for the whole state system. Law enforcement organs cannot cope with it on their own.

What happens to us? We come across a criminal in an entrance, say, carrying a bribe in an empty washing machine box. He explains that he is supposed to hand over money to someone for doing such and such. Carry on, we say to him, and do what you were intending to do. He goes into an apartment and hands over the bribe. Whereupon the police catch the bribetaker red-handed. Then an attorney enters the case and says: "You had the opportunity to prevent the bribery when you stopped him in the entrance, but you did not do so. This means that you pushed the man into crime." And an endless theoretical argument begins.

[Kovalenko] How are your relations with the Security Council?

[Kovalev] I would define the established hierarchy as follows. Strategic questions, to which the special services must pay attention, are formulated by the Security Council and its secretary. Our task is to work on the tactical level, maybe suggesting something or entering into polemics over something. I am more than satisfied with the present level of cooperation. This was not the case before. The Security Council is being transformed from a consultative organ into an active one. At the same time I wish to emphasize that the FSB is directly subordinate to the president of Russia.

[Kovalenko] Have you achieved full mutual understanding with General Lebed?

[Kovalev] Aleksandr Ivanovich is a man of action, with his own program. He supports the security organs and understands the importance of our work and their place. His program is realistic. If we fulfill this action program consistently, the results will not be long in coming.

Russia: FSB Head Cited on Chechnya, Terrorism, Dudayev's 'Resurrection'

LD0108172696 Moscow NTV in Russian
1500 GMT 1 Aug 96

[From the "Segodnya" newscast]

[FBIS Translated Text] There have been reports today that a Russia-wide search has been announced for Chechen field commander Ruslan Khaykharoyev. According to the IZVESTIYA newspaper, after the first explosion on a Moscow trolleybus, Khaykharoyev telephoned one of the federal power structures and said that he and his group were responsible for the terrorist act. Khaykharoyev is also suspected of organizing the explosion on a bus in Nalchik. Journalists have learned the details of Khaykharoyev's file from the most authoritative sources — Nikolay Kovalev, director of the Federal Security Service (FSB), gave a news conference in Moscow today.

[Begin recording] [Unidentified correspondent] At his first major news conference, FSB Director Nikolay Kovalev today made several important statements. First of all, he said that at the meeting of the heads of special services of G-8 [G-7 and Russia] in Lyon, Russia had won a certain victory. From now on Chechen terrorism is recognized as international terrorism with all the circumstances that stem from this....

[Kovalev] ...Which means a refusal to supply them with arms and means of communication. It also means that there is a guarantee that they will not be given political asylum, but will be extradited if they are discovered on the territory of countries where they trying to hide.

[Correspondent] Nikolay Kovalev also spoke about progress in the investigation into the latest terrorist acts in Moscow. He said that alongside the version that criminal groups in Moscow could be involved in the explosions, the Chechen link was also being checked. Moreover, the FSB director spoke about the latter in more detail.

[Kovalev] Khaykharoyev's gang is involved in sabotage activity on the Russian territory. They set themselves the task of destabilizing the situation in the Transcaucasus, of involving Dagestan and North Ossetia into the conflict, and waging a mine war on the Russian territory.

[Correspondent] The FSB's new director did not hide a difficult state of affairs regarding the control over the storage of explosives. Anyone can get an explosive in Russia today.

[Kovalev] We are not controlling the stocks of explosives. Explosives are walking around the country. Organized criminal groups as well as ordinary citizens possess them in large quantities.

[Correspondent] Nikolay Kovalev confirmed that the FSB is doing everything possible to neutralize Khaykharoyev's terrorists. The director spoke about the circumstances — not known until now — of the death of two Russian journalists and an American, Fred Cuny.

[Kovalev] On the account of Khaykharoyev's gang is the murder of two journalists from St. Petersburg, do you know that? We have been looking for them and now we have found out some details.

[Khaykharoyev is also responsible for] the murder of Fred Cuny and the people who were with him. He was a well-known public figure. He was accompanied by an interpreter and several doctors who were helping him. Now we can confirm that they, too, were shot dead. We have documents to that effect.

[Correspondent] As for reports about Dzhokhar Dudayev's resurrection, Nikolay Kovalev confirmed that the FSB had information in this respect.

[Kovalev] We have known for a long time that a Dudayev double was being prepared. Several groups voiced such an intention. And we received information from intelligence sources to this effect. As far as his so-called resurrection is concerned, I personally do not believe this. On the other hand, what principled difference does it make?

[Correspondent] Also today, the FSB director stated his position regarding the conflict in Chechnya.

[Kovalev] The withdrawal of troops is a political decision. And it is absolutely correct and well-thought-out. But units that should ensure order there will stay and maintain order. Therefore, I do not anticipate a dramatic change, a sudden change there — in any case, our analysts are not forecasting it.

[Correspondent] It seems that the FSB has a lot of interesting information about cases of terrorism and corruption that may be publicized in the very near future. Many of them are of a sensational nature. [end recording]

Russia: Security Forces Say Chechens Preparing Dudayev 'Doubles'

LD0108141996 Moscow INTERFAX in English
1408 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 1 (Interfax) — Russia's Federal Security Service (FSB) has evidence that the Chechen separatists are preparing doubles of former separatist leader Dzhokhar Dudayev, reported to have been killed in a Russian rocket attack on April 21, FSB Director Nikolay Kovalev has told journalists in Moscow.

He does not rule out that Dudayev's double may appear in Chechnya on Friday, just as the daily newspaper Groznenkiy Rabochiy (Grozny Worker) has warned.

Kovalev does not believe Dudayev can rise from the dead. "This is not a fundamental question. Chechnya is our pain and we've got to find a way of ending hostilities there. How? This is what should trouble us the most."

Asked about any Chechen connection the recent explosions in Moscow trolleybuses may have, Kovalev said he did not rule out that possibility. "All explanations are equally important to us and we are checking each one," he added.

About the possibility of Chechen field commander Ruslan Kharkharoyev's complicity in the bombings in Moscow, Kovalev said that the gang was staging acts of sabotage in Russia and destabilizing the situation in Dagestan in order to involve these republics in the conflict in the North Caucasus.

The FSB is taking active measures to neutralize Kharkharoyev's group, he said. The gang is responsible for the murder of two journalists from St. Petersburg, American citizen Fred Cuney and his associate, he said. "This was proven by things found on the site of the attack and Cuney's documents and passport, which our men have recovered," the FSB director said.

Russia: Shumeyko Movement Urges Joint Reformist Candidates

MM0108185796 Moscow ROSSIYSKAYA GAZETA
Weekend Edition in Russian 2 Aug 96 p 2

[Report by Anna Kozyreva: "New Elections Ahead. This Time in Federation Components"]

[FBIS Translated Excerpt] [passage omitted] A meeting between Russian President Boris Yeltsin and Vladimir Shumeyko, leader of the "Reforms-New Policy" movement, in Barvikha, was devoted specifically to the upcoming elections in Federation components. Not long before the meeting, Reforms-New Policy held a special sitting devoted to the election.

The Reforms-New Policy regional leaders stressed that the main task today is to prevent a communist revanche in these elections. After all, a great deal will depend precisely on who heads the legislative and executive authorities in the country's krays and oblasts. The elections of mayors in cities must not be overlooked either.

Reforms-New Policy leader Vladimir Shumeyko called on his supporters not to relax and not to take a time-out, but to work on ensuring that representatives of the reformist bloc win the local authorities and governorships.

"There is no time to waste; we must get going," Shumeyko emphasized. "Reforms-New Policy will organize its work in close contact with the 'Russia Is Our Home' movement."

The meeting decided to appeal to all democratic forces in society to create special coordination councils. These councils will put forward joint candidates from the reformist wing in the upcoming elections.

Russia: Fall Gubernatorial Elections Previewed

MM3107154196 Moscow IZVESTIYA in Russian
31 Jul 96 p 2

[Article by Stepan Kiselev: "Will There Be a Fall Coup?"]

[FBIS Translated Text] Before January next year gubernatorial elections will be held in 52 regions. In 18 there will be elections of legislative assemblies. In 26 large Russian cities mayors will be elected. The press has already dubbed the Communists' probable victory a "left-wing coup."

On what are the Communists counting? Analysis of the results of the voting at the recent elections attests that the disposition of provincial sympathies is not in their favor. Of the 52 regions where the heads of executive

power will be elected, at the presidential elections Zyuganov won in only 18. But "political accounting" of this kind has little in common with real forecasting.

Last week analysts from the "Russia Is Our Home" executive committee expressed the certainty that "the single candidates from the democratic and centrist forces" will win the elections in 45 components of the Federation. These analysts' degree of information and the accuracy of their forecasts are well known. At least five factors are also known which drastically reduce the chances of victory for the pro-Moscow gubernatorial candidates and, conversely, instill hope in the Communists' hearts.

First, voter turnout. Analysts in the presidential staff have long noted that whereas at the federal elections (of the president, State Duma deputies, and others) 65 percent of voters remember their civic duty, local elections, or "pinpoint" elections, as they are also called (elections of governors, mayors, local legislative assemblies, and so forth) gather together barely 35-40 percent of citizens. Here I think we can understand that the voters' political preferences differ from the president's sympathies.

The second factor which will play into the hands of the Communists is the president's actual reneging on his election promises. Just three weeks after the elections it is clear that his so-called "socially oriented policy" is no more than a campaigning ploy. His election promises to protect 10 million "shuttle traders" from the Ministry of Finances' fiscal aggression have already been broken and to judge by recent statements by government members the president's other expenditure edicts can expect the same fate. All this will merely aggravate the apathy of some voters — "what is the point in voting if they are going to dupe us anyway" — and will anger others, who will go to the polling places to reject the pro-government candidate governors.

The third factor is money. Or rather the lack of money. It would be possible to raise the voters' turnout substantially by "warming them up" with a massive advertising campaign, as was the case at the presidential elections, but the coffers are empty. Regional elections — by law — are financed by the regional budget but of the 52 regions in which elections will be held only two can feed themselves. The remaining 50 are subsidized by the center, which will not give another kopek for "politics" even under the threat of a communist revenge. Because there is nothing.

The fourth factor is organization. The electorate's passivity and the lack of money for advertising could be compensated for by a political party capable of gathering under its banner thousands of volunteer campaigners

as soon as they are needed. Vladimir Shumeyko swears that in 74 regions of Russia about 1 million "reformists" have already risen up under his banners but who will believe him after that million spent the presidential election campaign keeping their heads down. The Communists merely renowned for their organization and the party cell secretary only has to whistle for hundreds of red grandmothers and grandfathers to go from door to door campaigning for a communist future.

And, finally, the most important thing. The elections of the heads of regional executive power will proceed against the background of a harsh financial crisis. The bankruptcy of the two biggest Moscow banks and the strike by the Maritime Kray miners, who have received no wages for six months, are the first harbingers of a hot winter when wages arrears will become a mass phenomenon. The coffers are totally empty. And the authorities' next tasks include the mass bankruptcy of enterprises which, Aleksandr Livshits believes, will no longer be avoided. And that is the background to the elections.

The first to feel the blow will be the governors of Leningrad, Saratov, Amur, and Rostov Oblasts. In September the Communists will set up their players against each of them. Here, in the opinion of experts specializing in regional policy, only Aleksandr Belyakov, the governor of Leningrad Oblast, has real chances of holding on to the heights he has scaled. The situation is worse for the governors of Saratov Oblast (the election is 1 September) and Rostov Oblast (29 September) against whom the Communists will pit the first secretaries of CPRF [Communist Party of the Russian Federation] oblast committee first secretaries who enjoy influence in their regions and some support from the local elite. The Amur Oblast Communists, who won a convincing victory at the presidential elections, have not yet decided who they will nominate for the elections (22 September) but they have their own favorites in the oblast so that the present governor's chances are also rated as low.

In September the overall political count could thus be 31 in the Communists' favor. If that happens no one will stop the "red wave." In many regions, in the opinion of the president's analysts, there will be a consolidation of anti-Moscow feelings and there will be a very simple dominant plot in which the Communists and the pro-Moscow appointees will unanimously revile Yeltsin and the government which have "brought the country and the people to breaking point." This kind of coincidence of positions is easy to explain. You can imagine a contender for the post of governor who under the conditions of harsh economic crisis wages his election campaign as an orthodox Yeltsinist and explains to

his unemployed fellow citizens all the subtleties of monetarism. Even candidates blessed by Moscow will be obliged to blame Moscow for all their troubles. The time of total political blackmail will come. The regions — irrespective of their leaders' political orientation — will demand money, more money, and yet more money from the center. Otherwise....

The economic crisis will acquire the increasingly clear outlines of a political crisis. In the Kremlin's arsenal today there are only two medicines which, if they cannot cure the disease, can at least make it less acute: The money printing machine and Anatoliy Chubays. The money printing machine, that is inflation, turned on at the demand of the regions, could lead to the complex collapse of the entire financial system with the lack of any prospects of normalization. Anatoliy Chubays, turning the president's staff into a powerful ministry of the regions, will have to force those regions to stand to attention as they face Moscow. How can that be done? Only by force, of course.

On 6 June the president signed an edict enabling him to dismiss intransigent governors "irrespective of the procedure for filling the post." That is even the elections will not now save the governors from the president's anger. Most likely Chubays will take advantage of this edict with the aid of the control administration and the General Prosecutor's Office to set up a public thrashing for one or two red governors and make the whole country realize that they will have to wait a little for democracy for the sake of democracy. To save the country from a "December revolution" the presidential staff may even repeal the elections in some regions. And it does not matter if some regions are not represented in the Federation Council. As long as there is a quorum enabling the upper chamber of parliament to decide state questions. And there will be a quorum.

Military Issues

Russia: Lebed Meets Paratroopers, Warns of 'Crisis' on 'Horizon'

LD0108183696 Moscow INTERFAX in English
1745 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 1 (Interfax) — Security Council Secretary Aleksandr Lebed has congratulated all paratroopers upon the 66th anniversary of the nation's airborne force to be marked on August 22, the Security Council's press-service has said.

"You are celebrating your professional holiday at a crucial moment in the history of Russia and its army," Lebed, a retired paratroop general himself, said. "For paratroopers the realities of today's army life are aggravated by the fact that as usual they are sent to the

worst trouble spots and charged with the most difficult missions. This is also a reason to be proud of being a member of the paratroops service. I am always aware of this myself and I am proud of it."

Lebed said that a crisis was looming on the horizon and expressed the hope that Russian paratroopers would become a bastion of peace and order in Russia and would not let anybody involve them in political gambling.

"Let us live our lives in such a way so as never to feel ashamed to look our children and grandchildren in the eyes. Let us remember that the paratroop force is a life-time brotherhood. May all of your missions be successful," Lebed said in conclusion.

Russia: Pacific Fleet Commander Admiral Kuroyedov Interviewed

MK0208082596 Moscow OSHCHAYA GAZETA
in Russian 1-7 Aug 96

No. 30, (signed to press 31 Jul 1996) p 2

[Interview with Vladimir Kuroyedov by Valentina Voronova: "'And Once Again Zolotoy Rog Bay Sends Us on Our Way to the Pacific Ocean....'"]

[FBIS Translated Text] Maritime Kray celebrated the 300th anniversary of the Russian Navy last Sunday. No social upheavals can call off the [Navy] day as far as the naval city of Vladivostok is concerned. On hand for the Navy Day celebrations were Japanese navy men, who called at our harbor for the first time since the [military] intervention in the 1920's.

Your OSHCHAYA GAZETA correspondent managed to interview Admiral Vladimir Kuroyedov, Pacific Fleet commander, who has been in this position for as little as four months now. This is the commander's first interview for a central [Moscow] newspaper after his appointment.

[Voronova] Vladimir Ivanovich, what sort of situation is taking shape in the fleet? There is a belief that the fleet is dying?

[Kuroyedov] By no means. What made you think that? The fleet is being revived in a qualitatively new way. Within three years, the Pacific Fleet has cut the number of combatant ships by half, and its personnel by a factor of two and a half. It has not become weaker for that. Only the first step has been taken in the qualitative transformation of the fleet.

[Voronova] Why did they sell two aircraft-carrying cruisers, the Minsk and the Novorossiysk, which are not yet at the end of their useful life?

[Kuroyedov] Well, it had become difficult to maintain them. This is the first thing. Secondly, these ships were

designed to take only a certain type of aircraft. They have been replaced by the Admiral Kuznetsov — this is already a new generation ship, which is a degree of magnitude more advanced than both the Minsk and the Novorossiysk. The Pacific Fleet is taking into service the heavy nuclear-propelled cruiser Petr Velikiy and the nuclear-propelled submarine cruiser [podvodnyy kreyser] Tomak. Far from dying, the fleet is becoming modern, advanced.

[Voronova] In a word, "If it's war tomorrow, if we march tomorrow [line from a Soviet marching song of the late 1930's]...."

[Kuroyedov] Precisely. But there will be no war, there should not be. The country's military doctrine is now of a defensive character. Today, our ships are no longer off other countries' shores, they are patrolling off their own. Vanished from our vocabulary are such terms as "potential adversary." We call it opposing force in our exercises.

[Voronova] Are your exercises successful?

[Kuroyedov] Not only successful. They are excellent. The Pacific Fleet sailors tackled a unique mission during the command and staff exercise this past spring. Three strategic submarine cruisers carried out a simultaneous underwater launch of ballistic missiles at targets located in the Northern Fleet's test range!

[Voronova] Thus, military reform in the Pacific Fleet is advancing with rapid strides?

[Kuroyedov] Too rapid strides, to my mind. Reform, I would think, is a gradual affair. The armed forces is a conservative body in the best meaning of the word, and they should be reformed with care, one would think. True, today military reform already has something to show for itself. Contract sailors willingly join the navy, for example. Incidentally, 11 percent of them are women. Contract-based service will provide the navy with regular, reliable, professional specialists.

[Voronova] The tragedy on Russkiy Island several years ago earned the Pacific Fleet a bad reputation the world over when several sailors died there of dystrophy. Are sailors well-fed today?

[Kuroyedov] This was a ghastly lesson. Today the fleet has everything. Leaving on a voyage submarines get stocked with everything, including chocolate and wine. Whatever problems there are are our own problems. It happens that sometimes we break into the emergency supplies. But we ourselves replenish them. Today, sailors are well-fed and shod where the commander is a professional. With a poor commander you may see a lack of funds and poor organization. We do have pay

delays, but they pale into insignificance compared to the crisis in miners' collectives of Maritime Kray.

[Voronova] Where are the finest collectives of the fleet?

[Kuroyedov] On Kamchatka. It is perhaps that the farther away they are from the command, the more responsible the commanding officers are.

[Voronova] Who's the finest sailor in Russia?

[Kuroyedov] For me, the finest one was and remains Peter the Great. [Interview contains the following boxed text]

"OG" Dossier

Vladimir Ivanovich Kuroyedov, born 5 September 1944 in Maritime Kray. In 1967, finished the S.O. Makarov Pacific Ocean Higher Naval School. In 1981, graduated with distinction from the Naval Academy. In 1989, finished with distinction the General Staff Academy. Served in the Pacific Fleet beginning as commander of the navigational command unit of a surface ship and becoming commander of the Pacific Fleet. Married, with a son.

Russia: Decree on Defense Industry Ministry Published

MM0208105796 Moscow ROSSIYSKAYA GAZETA
in Russian 30 Jul 96 p 4

[Russian Federation Government decree No. 815, "Questions Concerning the Russian Federation Defense Industry Ministry Questions," signed by Russian Federation Government Chairman Viktor Chernomyrdin in Moscow on 18 July 1996; carried under the headline "Defense Sector Squares Its Shoulders"]

[FBIS Translated Text] The Russian Federation Government decrees that:

1. The Russian Federation Defense Industry Ministry, as a federal organ of executive power, is the successor of the Russian Federation State Committee for the Defense Sectors of Industry.

2. It is prescribed that the Russian Federation Defense Industry Ministry:

participates in the elaboration of the state defense order; enjoys the exclusive right to make proposals, in accordance with established procedure, regarding the appointment of state representatives in joint-stock companies created by the transformation of defense industry enterprises and organizations and also by the sale, leasing, mortgaging, or investment of state property at defense industry enterprises run on the basis of economic or

operational management as the incorporation capital of economic associations and companies;

provides organizational and technical backup for the activity of the Russian Federation Government Federal Commission for Supervision of the Management and Privatization of Defense Complex Facilities, Enterprises, and Organizations and also the activity of the Russian Part of the Interstate Commission for Military and Economic Cooperation Between CIS Member States;

coordinates and supervises the activity of enterprises and organizations within the sphere of its jurisdiction, regardless of their forms of ownership, as regards the implementation of measures for the economy's mobilization readiness, including the creation, maintenance, and utilization of an insurance fund of technical documentation for military and other output;

carries out the elaboration and implementation of measures to ensure broad use of dual-purpose technologies in defense industry enterprises' military and civilian output.

3. An Interdepartmental Commission for the Coordination of Defense Sectors' Activity in Fulfillment of the State Defense Order be formed under the Russian Federation Defense Industry Ministry.

The organizational, technical, and methodological backup for the activity of the aforementioned Interdepartmental Commission be vested in the Russian Federation Defense Industry Ministry.

Russian Federation Defense Industry Minister Z.L. Pak be appointed chairman of the Interdepartmental Commission for the Coordination of Defense Sectors' Activity in Fulfillment of the State Defense Order.

The chairman of the Interdepartmental Commission is to submit to the Russian Federation Government, in accordance with established procedure, the draft statute on the Interdepartmental Commission and proposals regarding its composition.

4. The departments formed in accordance with Russian Federation Government decree No. 1112 of 5 November 1995 "On the Departments of the Russian Federation State Committee for the Defense Sectors of Industry" are to be retained within the structure of the Russian Federation Defense Industry Ministry central apparatus.

5. The expenditure on the upkeep of the Russian Federation Defense Industry Ministry central apparatus is financed through appropriations earmarked in the federal budget for the upkeep of federal organs of executive power.

6. Taking into account the tasks assigned to the Russian Federation Defense Industry Ministry, it is prescribed that its central apparatus personnel ceiling is set at 1,196 units for 1996 and 1,500 units as of 1 January 1997 (excluding personnel required to protect and service buildings), such posts coming from the prescribed personnel strength of the central apparatus of the Russian Federation State Committee for the Defense Sectors of Industry and from cuts in the personnel strength of federal organs of executive power, whose functions are transferred to the Russian Federation Defense Industry Ministry.

The Russian Federation Ministry of the Economy, the Russian Federation Ministry of Finance, and the Russian Federation Ministry of Labor, together with the Russian Federation Defense Industry Ministry, are to submit relevant proposals to the Russian Federation Government.

7. The effect of Paragraph 1 of Russian Federation Government decree No. 31 of 16 January 1996 "Questions Concerning the Russian Federation Government State Committee for the Defense Sectors of Industry (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII No. 4, 1996, p 305) is extended to officials of the Russian Federation Defense Industry Ministry central apparatus.

The Russian Federation Ministry of Finance is to submit to the Russian Federation Government proposals concerning the labor remuneration fund of the Russian Federation Defense Industry Ministry central apparatus for 1996 and 1997.

8. The Russian Federation Defense Industry Ministry is to have 11 deputy ministers, including two first deputy ministers, and a collegium comprising 25 members.

9. The Russian Federation Defense Industry Ministry is to retain the administrative buildings located in Moscow at No. 3 Miusskaya Ploshchad; No. 112, Block 2, Volokolamskoye Shosse; and No. 4/5 Starosadskiy Pereulok; and also the social, cultural, consumer, and medical facilities previously handed over to the Russian Federation State Committee for the Defense Sectors of Industry.

[Signed] Russian Federation Government Chairman
Viktor Chernomyrdin

[Dated] Moscow, 18 July 1996

Federal Assembly

Russia: Party Interests Prevail in Duma's Work

MM0108145796 Moscow ROSSIYSKIYE VESTI
in Russian 1 Aug 96 p 2

[Article by Olga Burkaleva: "Parliament Is Not a Lever To Achieve Party Goals"]

[FBIS Translated Text] Parliament is a place where various interests are harmonized. This is what voters, society, and partners in power expect of legislators. However, the results of the spring State Duma session attest to the egoism of the parliamentary factions and their inability to give state interests priority over party interests.

At any rate, so far as the CPRF [Communist Party of the Russian Federation] is concerned, parliament is precisely a lever to implement its party goals. And here is why.

Quite a lot has already been written about the State Duma's lawmaking activity. The essence of the analysis boils down to the fact that the Duma has adopted mostly "single issue" [tochechnyy] laws or else has made amendments and additions to existing laws. But when it comes to documents with a general application, then usually there has been no progress at all, or things have become bogged down in the upper chamber, or else the president has used his veto. This fate befell, for instance, the Land Code (which State Duma speaker Gennadiy Seleznev at the final press conference advised the president to "read personally" rather than listen to his aides) and the law on the commissioner for human rights. The list could be continued. However, it would merely serve as an illustration to the forecast regarding the State Duma's work made by ROSSIYSKIYE VESTI at the start of this year. In particular, the proposition that the Duma members would spend most of their time on political debates, statements, appeals, and so forth has been borne out. Duma analysts modestly assigned 27 percent of the time to this, but outside experts believe that only 55 percent of plenary time was spent on lawmaking while the rest went on "politics."

The CPRF faction together with its kindred spirits the Agrarians (to which the Communists have assigned 15 of their own representatives in order to strengthen its ranks) and Ryzhkov's "People's Power" have the necessary majority in the Duma (226 votes) to adopt any federal law, decree, or statement. But to adopt a constitutional law and overcome the veto of the president or the Federation Council requires the votes of the NDR [Russia Is Our Home], "Yabloko," "Russian Regions," or LDPR [Liberal Democratic Party of Russia] factions. No constitutional law will be adopted without these ex-

tra votes. And here matters effectively run into a brick wall because of the diametrical opposition between the positions of the "left-wing" and "right-wing" factions. As always, the Communists refuse to waive their principles, while the right-wing minority is clearly mindful that its opinion is ignored on those questions which the left needs a simple majority to resolve. And since this provides them with the only opportunity to display their principled position, they duly display it during "qualified" voting. A vivid example of this is the law on the commissioner for human rights. No matter how the opposition struggled, it was not adopted. Conciliation commissions were no help. The decree denouncing the Belovezhskaya accords was a different matter. Ignoring the voice of the right-wing minority, the left-wing majority demonstrated to the whole world its boundless intellectual abilities and equally boundless obstinacy. And then it spent a long time explaining to the whole world that it meant something entirely different from what it had submitted. And if the opposition had been constructive enough at least to listen to its colleagues' viewpoint (as in the previous Duma, for instance, when repeated attempts were made to place the question of the Belovezhskaya accords on the agenda) it would not have made the State Duma a laughing stock.

This decree was a vivid example of parliament's discrediting of itself. This is by no means a harmless matter. After all, parliament is called upon to perform at least two functions: lawmaking and representative functions. That is, to represent the interests of various strata of society. And while, according to Gennadiy Seleznev, it is coping satisfactorily with lawmaking, its representativeness is considerably skewed because of the imperfections of electoral law. As is well known, the four factions that in all mustered a little over 50 percent of the votes in the elections were able in the Duma itself to secure the mandates of the 39 electoral blocs and associations that failed to top the 5 percent barrier. The greatest gain went to left-wing opposition forces: Though it received just 22.3 percent of votes in the federal district, the CPRF got another 99 "party list" deputies into the Duma (around 40 percent) as a result.

By the end of the first spring and summer session the political map of the State Duma looks as follows. Left-wing opposition factions and deputies' groups (CPRF 145 votes, Agrarian deputies' group 37 votes, "People's Power" group 38 votes) has 220 seats, which, given their great discipline in voting, practically guarantees them success in decisionmaking. They are opposed by center right factions and groups (NDR 66 votes, "Russian Regions" group 43 votes, "Yabloko" faction 46 votes) which in total muster 55 [as published] seats.

It should be emphasized that at present the center right grouping is losing out to the opposition not only numerically but also organizationally. Voting in the State Duma shows the rather weak interfactional partnership of "Yabloko." According to analysts, this faction's coefficient of collaboration with the leader of the center right — the NDR — is 56.1. The figure for the "Russian Regions" group is 68.2. The degree of cohesion on the left wing is considerably higher and, for instance, is 98.2 for the Agrarian deputies' group in relation to the CPRF. And 91.4 for the "People's Power" group.

On average the opposition also shows strong group cohesion (controllability of the faction or group). This indicator is traditionally high in the CPRF — 0.81 — and the Agrarian group: 0.58. To some extent the "People's Power" group is the opposition's weak spot: Its cohesion indicator is only 0.37. But this factor is more than compensated for by the similar figure for the "Russian Regions" group. The controllability figures for the NDR and "Yabloko" hover around 0.5.

The LDPR faction can be said to occupy an opportunist stance during the work of the second State Duma. Nevertheless, analysis of voting patterns over the first six months shows a high degree of covert interfactional partnership between the LDPR and the opposition. Its coefficient of collaboration with the CPRF is 55 and with the Agrarian deputies' group it is 51.1. The NDR faction comes third on this list. In terms of cohesion and discipline in voting the LDPR faction is only a little behind the CPRF. This is not surprising. The LDPR has always been a one-man party. No striking figures capable of insisting on their own vision of a problem can survive alongside V. Zhirinovskiy (the latest example is Aleksandr Vengerovskiy, former deputy chairman of the State Duma). Collegial decisions have never been the practice in the LDPR. However, before adopting crucial decisions Zhirinovskiy may listen to the opinion of members of his immediate entourage. But despite the particular independence emphasized by the LDPR leader at every opportunity — his own independence and that of his faction — in three years the faction has not once voted to the detriment of the strategic interests of the country's leadership.

From all the above it is clear that there can be no question of the Duma as an organ representing a cross section of society and harmonizing the interests of different sociopolitical groups. The center right constitutes an amorphous and poorly organized minority capable only of delaying the adoption of the most odious questions requiring a constitutional majority of 300 votes against the background of a well organized left-wing majority that makes no secret of its intention of

taking revenge in the regional elections after its defeat in the presidential elections.

In all, over the next year it is planned to elect the heads of 50 Federation components and to elect 23 territorial legislative organs. But that is not all. For some reason G. Seleznev's statement at the final press conference that he is worried by the work of the Federation Council passed unnoticed. He believes that the members of the upper chamber do not have time to familiarize themselves with the laws drawn up by the State Duma, and in the fall, he says, we should consider how to organize their work. We can conclude from this that the opposition is attempting not only to take revenge in the territories, but also to adopt amendments to the law on forming the Federation Council to the advantage of the opposition. If it succeeds in implementing this plan, the country will have not a parliament as a field for harmonizing interests, but an opposition in the guise of the representative branch. Given this disposition of forces between the left-wing opposition, concentrated in organs of the representative branch, and the reformists in executive structures, there will be no constitutional organ to reconcile interests and positions. This situation is fraught with the danger of another tragedy. The country was in a similar situation in the summer of 1993, when reformers and the opposition controlled the executive and legislative power structures respectively. In itself this distortion is fraught with dangerous consequences. We can only hope that the experience of 1993 has taught the diehard opposition something and that its representatives have sufficient sense to approach each issue resolved in the Duma from an objective standpoint. It would be nice if each deputy realized that, besides his party affiliation, he is also a citizen of Russia.

In general, perhaps it is time to move on from talk of the desire for civil accord to action? We could begin with a small matter: for instance, creating a parliamentary club where deputies could rub shoulders as human beings in an informal atmosphere regardless of party affiliation. It would emerge that the implacable differences between them are not so implacable after all. And that would be a step toward cooperation.

Regional Affairs

Russia: Yandarbiyev: Russian Leaders Benefit From Terrorism in U.S.

*LD0108125196 Moscow INTERFAX in English
1201 GMT 1 Aug 96*

[FBIS Transcribed Text] SOUTHERN CHECHNYA, Aug 1 (Interfax) — Leader of Chechen separatists Zelimkhan Yandarbiyev has said Russia is "one of

the countries interested in the extreme expression of international terrorism."

Russia views "the war in Chechnya, which goes on with total silence on the part of the world community," as the first step toward a war "for the restoration of its imperial influence in the world, primarily in Asia and the Middle East," Yandarbiyev said in a statement released in Chechnya on Thursday.

According to him, Moscow is using such recent sensational terrorist acts, such as the explosion of an American airliner and the blast in Atlanta during this summer's Olympic Games, "to push the war in Chechnya to the background."

These terrorist acts are also being used "to distract the world community's attention from Moscow's failure to honor the agreements signed between the Russian leadership and the Chechen opposition" in Moscow on May 27 and in Nazran (Ingushetia) on June 10, Yandarbiyev declared.

According to him, "the latest sensational terrorist acts — the Boeing explosion and the blast in Atlanta — may have been organized with the involvement of Russian secret services for precisely this purpose."

Russia: Grozny Leaflets Claim Dudayev Lives; Officials Have Doubts

MM0108190496 Moscow ROSSIYSKAYA GAZETA
Weekend Edition in Russian 2 Aug 96 p 2

[ITAR-TASS report: "Dudayev's Ghost Wandering Through Chechnya"]

[FBIS Translated Text] "The article published by GROZNENSKIY RABOCHIY is no more than our commentary on the rumors to the effect that Dzhokhar Dudayev is alive and may soon appear," Musa Muradov, the newspaper's chief editor, reported yesterday. "Naturally we have no facts at our disposal."

Citing sources in the separatists' leadership, the author of the article reports that "the first president of the Republic of Ichkeria" could appear in Chechnya as early as 2 August.

At the same time Ruslan Martagov, press secretary to the head of the Chechen Republic, stated that he had "never doubted that Dzhokhar Dudayev is alive."

Yesterday many Grozny inhabitants found leaflets in their mailboxes bearing appeals on behalf of Dzhokhar Dudayev. In these the "risen" "president of Ichkeria" declares to his compatriots that he is alive and accuses Yandarbiyev and Maskhadov, the successors in his cause, of betrayal.

The leaflet is signed by Edik Khachukayev, "an authorized representative of the first president of the Republic of Ichkeria." But he is not in the republic at the moment.

Meanwhile, Ruslan Tsakayev, secretary of the Chechen Republic Council for Public Security, has stated that the reports to the effect that Dudayev is alive are "a bluff, an attempt to prevent a complete division among the gunmen by resuscitating the dead president's name."

Russia: Udugov Expects Dudayev To Visit Chechnya 2 Aug 'in Spirit'

LD0208104996 Moscow Radiostantsiya Ekho Moskvy
in Russian 0800 GMT 2 Aug 96

[FBIS Translated Text] According to a report in the newspaper GROZNENSKIY RABOCHIY, Dzhokhar Dudayev is scheduled to appear in the republic today. He has supposedly not been killed at all. Let us recall that Salman Raduyev also said that Dudayev is alive. However, as was noted in an interview with Moscow Echo Radio by Movladi Udugov, minister for the press in the opposition government, Raduyev was evidently guided by the Koran when making such a statement:

[Begin Udugov recording] All Muslims know that it is written in the Holy Koran that a fighter who was slain in God's way cannot be regarded as dead and, as is written in the Koran, he is more alive than the living, finding his sustenance in the presence of his Lord. This is the first thing. And, second, according to Muslim belief, on Friday the souls of those who were slain in God's way return to earth. To all appearances Salman Raduyev had exactly this in mind: that Dzhokhar Dudayev is alive and that on Friday he will visit Chechnya in spirit. [end recording]

[Announcer] Ruslan Martagov, press secretary of the official head of the republic, was possibly guided by similar considerations when he told our radio station yesterday — quote — this eagle is alive and this has been known for a long time — unquote.

Russia: Chechen Official Rejects Rumors of Dudayev 'Resurrection'

LD0208105196 Moscow INTERFAX in English
0948 GMT 2 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 2 (Interfax) — Rumors of the "resurrection" of separatist leader Dzhokhar Dudayev are "downright absurd," Deputy Prime Minister of Chechnya's Moscow-backed government Isa Aliroyev has said.

Without a shade of doubt, Dudayev is dead, Aliroyev told an Interfax correspondent Friday.

The Russian special services are predicting the appearance of someone who presents himself as Dudayev on the Chechen political scene. Even if that happens, Aliroyev said, it can hardly influence Chechen developments. The bet on Dudayev has been lost now that death has put an end to his political career. "The Chechens have already finished mourning his death and only a handful of people will seriously believe Dzhokhar is still alive," Aliroyev said.

"Someone seems to need this myth, only it is not yet clear who, and why they are working so hard to create it," he added.

Russia: Chechnya Divided on Whether Dudayev Alive or Dead

*LD0108152696 Moscow ITAR-TASS in English
1517 GMT 1 Aug 96*

[FBIS Transcribed Text] MOSCOW, August 1 (Itar-Tass) — Russia's security bodies "did not take any special measures" to verify that Chechen separatist leader Dzhokhar Dudayev was dead, Russian security chief Nikolay Kovalev told Tass on Thursday.

According to earlier reports, Dudayev was killed in a Russian missile attack in April. What makes the situation ever more complicated is a recent TV appearance of field commander Salman Raduyev, also believed to have been killed, who swore by Allah that Dudayev was alive.

A person resembling Dudayev to a great extent is expected to appear in Chechnya soon, Kovalev said adding that no matter whether Dudayev was alive or dead, there are bandit groups which should be eliminated.

The news of Dudayev's "resurrection" was published in the Groznenskiy Rabochiy local newspaper on Thursday. According to it, "the first president of the republic of Ichkeria," as the Chechens call their land, may appear in Grozny on August 2.

Grozny residents found propaganda leaflets in their post-boxes today containing an appeal which was signed by a certain Edik Khachukayev on behalf of Dudayev.

Khachukayev's friends said he was off in Turkey, but Chechen sources in Ankara told Tass denied this information. Ruslan Abdurzakov, Khachukayev's aide, said that his boss "neither prepared any leaflets about Dudayev's 'resurrection' nor made any statements to this effect."

The leaflets said on Dudayev's behalf that he was alive and branded current separatist leader Zelimkhan

Yandarbiyev and chief of staff Aslan Maskhadov as traitors.

They were spread by "Russian special forces," Abdurzakov said.

"It would be worse for Dzhokhar Dudayev if he were alive and appeared somewhere, that if he were dead," Russian Interior Ministry Anatoliy Kulikov said in the Karelian capital Petrozavodsk where he arrived for an inspection visit.

Kulikov quoted Yeltsin's words who had said "We will achieve peace, no matter with Dudayev or not."

According to him, the idea that Dudayev's death is a trick, used for the implementation of some secret plans, is exhausted and can cause only bewilderment.

Meanwhile, rebel information minister Movladi Udugov said "The Chechen side made a statement on Dudayev's death in April. Since then, it has not come up with any statements."

Secretary of the Chechen council of public security Ruslan Tsakayev told Tass on Thursday that reports that Dudayev was alive "are a bluff, an attempt to prevent a complete split between rebels by revitalising a dead person."

However, press secretary of the Chechen pro-Moscow leader Ruslan Martagov said he never had doubt that Dudayev was dead.

Russia: Chechen Separatist Command Believed To Be Decentralized

*LD0208064596 Moscow INTERFAX in English
0639 GMT 2 Aug 96*

[FBIS Transcribed Text] GROZNY, Aug 2 (Interfax) — The command of the Chechen separatist units has been decentralized and the units are acting chiefly on their own, a source close to Russian military intelligence told INTERFAX in the Chechen capital of Grozny on Friday [2 August].

Only a few separatist units in the southeastern part of Chechnya are controlled by Aslan Maskhadov, the separatist military chief, he said.

Khattab, one of the most influential separatist field commanders, was wounded in the head in the fighting for the village of Kharachoy, the sources said.

"Arrangements are reportedly being made to move him to a Western country for treatment," the source added.

Russia: Military Denies Chechen Rebel Accusations on New Actions

LD0108133996 Moscow Russian Public Television
First Channel Network in Russian
1100 GMT 1 Aug 96

[Correspondent Vladimir Polozhentsev video report; from the "Novosti" newscast]

[FBIS Translated Excerpt] In the past 24 hours, positions of the federal forces have come under attack 24 times, including 10 times in Grozny. An ITAR-TASS correspondent learned about this at the press center of the joint group of forces. Eight soldiers died and 19 were wounded. [passage omitted] [video shows soldiers, tanks]

Today, the press center of the North Caucasus military district circulated a statement categorically denying fabrications by the leaders of the self-proclaimed republic of Ichkeria to the effect that the federal forces have initiated a fresh spiral of war in Chechnya and broken the Nazran agreements. Two regiments of Russian troops have already been withdrawn to the areas of permanent deployment. At the same time, Chechen separatists, the statement says, have violated the agreements more than 600 times since the moment of signing them; 40 servicemen have been killed during this time and 300 wounded.

Terrorist attacks against civilians are continuing. Anatoliy Kvashnin, commander of the North Caucasus military district, was the one to have proposed meetings with leaders of the armed opposition, in particular with Aslan Maskhadov. But the meeting has been constantly postponed. The Russian side is not to blame for the postponement. At the same time, neither Yandarbiyev nor his entourage have distanced themselves from the extremist statements of the terrorist Raduyev, who, as everyone knows, proclaimed 2 August the day of Dudayev's second coming.

At the Foreign Ministry of the Chechen opposition, this information was denied as nonsense. According to one member of staff, in view of the serious nature of the physical and emotional traumas that man [Raduyev] had to go through, his statements are very understandable.

According to Sergey Slipchenko, leader of the press group of the State Commission for a Settlement of Conflict in Chechnya, Dzhokhar Dudayev's revival is in the interests of certain forces in the leadership of the Chechen separatists who are trying to thwart the Moscow and Nazran agreements. He believes the appearance of Dudayev's double in Chechnya will enable separatists, among other things, to announce that the peaceful agreements are invalid because they were signed without his participation. At the same time,

Sergey Slipchenko stresses that no matter what happens, Dudayev's time is up. His political death arouses no doubt, and Dudayev's closest supporters have buried him.

The leader of the press group is convinced that the physical death of the rebel leader arouses no doubt whatsoever. Incidentally, Abdulla Bugayev, the deputy prime minister in Chechnya, described that report published in the newspaper GROZNENSKIY RABOCHIY as an ordinary canard. In fact, it is not long to wait until tomorrow.

Russia: Two Bombs Found Near Voronezh Atomic Nuclear Plant

LD0108212496 Moscow ITAR-TASS in English
2104 GMT 1 Aug 96

[By Anatoliy Starukhin]

[FBIS Transcribed Text] VORONEZH, August 1 (Itar-Tass) — Two bombs were found near an atomic power plant outside Voronezh in Central Russia on Wednesday and Thursday mornings, sources in the plant press centre told Tass.

A fisherman accidentally dragged them out of a canal, flowing into the Don river, as he was pulling out the net, the source said.

Civil defence teams and police squads are trying to clarify how these bombs, each containing 2.5 kilograms of TNT, had come to rest on the bottom of the canal. They were produced in 1982 and have appropriate trade marks stamped, the source said.

Russia: Candidate for Krasnodar Governor Killed

LD0208084996 Moscow INTERFAX in English
0802 GMT 2 Aug 96

[FBIS Transcribed Text] KRASNODAR, Aug 2 (Interfax) — Aleksandr Rozhin, member of the Krasnodar territorial legislature and candidate for governor, was killed in Krasnodar on Thursday [1 August] night.

Rozhin was killed in a car outside his home at about 11:00 p.m. by two men armed with a submachine gun, the press service of the territorial interior board told INTERFAX Friday.

Rozhin was elected to the territorial legislature on the Liberal Democratic Party ticket. He was also the president of the Insar real estate company, which went bankrupt in 1994 and has not squared accounts with its investors.

Russia: Police Alerted in Krasnodar for Special Operation*LD0108125496 Moscow INTERFAX in English
1247 GMT 1 Aug 96*

[FBIS Transcribed Text] KRASNODAR, August 1 (Interfax) — All police units in Krasnodar, southern Russia, have been alerted due to an operation being conducted by the city's Interior Department, an Interfax correspondent reports.

The operation is believed to be related to a series of recent acts of violence in the area.

Police patrols are paying special attention to marketplaces, railway and bus stations, restaurants, bars and other places where people assemble.

Police check points on the approaches to Krasnodar have been reinforced and on some city roads patrols check drivers' documents and examine vehicles.

Russia: Signs of 'Hope' for Resolution of Far East Energy Crisis*MM0208110796 Moscow ROSSIYSKAYA GAZETA
Weekend Edition in Russian 2 Aug 96 p 3*

[Own Information report under the general headline: "Tidal Wave of Energy in Maritime Kray. Government Adopts Cardinal Decision to Stop the Energy Crisis. Will the Money Reach Its Target? We Tried To Find an Answer to This Question in Various Departments"]

[FBIS Translated Text]

The "YeES Rossi" ["Russian Integrated Energy System"] Russian Joint-Stock Company

As the press service here has reported, last Wednesday President Boris Yeltsin met with Government Head Viktor Chernomyrdin, and the subject they discussed was the problems in Maritime Kray. A preliminary decision was adopted on a solution to the prevailing situation. It is expected that the premier will sign the necessary package of documents in the near future.

This concerns first and foremost the budget arrears for subsidies, which exist in spite of the statement to the contrary by Economy Minister Yevgeniy Yasin. The loss-making tariff now comes to 50 rubles (R) per kilowatt-hour. The "YeES Rossi" Russian Joint-Stock Company was unable to name a figure for the state debt, claiming that it will be determined definitively following coordination with the Ministry of the Economy. Although experts did not hide the extent of their debt to the miners. As of 1 July it totaled R340 billion for "Dalenergo."

"Rosugol"

The opinion here is that the arrears in the payment of wages in "Primorskugol" have reached six months — this is the highest figure throughout the Russian coal industry. The miners believe that the debt of the "Dalenergo" joint-stock company for coal delivered to it from Maritime Kray mines totals R402 billion as of 1 August. In the opinion of Aleksandr Vasyanovich, general director of the "Primorskugol" joint-stock company, the idea of cutting off the power supply of the Pacific Fleet, the Border Troops, and the Maritime Kray Air Defense system is becoming a reality.

However, despite the fact that the Maritime Kray miners have not been paid since January, they continued to supply coal to the local thermal power stations at the request of "Dalenergo" right until mid-July, in order to prevent a power cut in the kray. But the miners' patience has run out. This is not the first energy crisis in Maritime Kray this year. The consumers' total debt to "Dalenergo" is over R800 billion. And of course it for its part is not in a position to pay its own debt to "Primorskugol."

The R45 billion transferred from the federal budget to the city of Artem 31 July is the second urgent measure to be taken by the government following the recent allocation of fuel to "Dalenergo" from state resources. But these measures are merely smoothing over the situation. The miners will only have enough money to cover wages for February and March.

Following B. Yeltsin's meeting with V. Chernomyrdin 31 July, where the question of the energy crisis in Maritime Kray was paramount, there can be no doubt that the necessary resolute measures will be adopted.

Forecast

Judging by the commotion going on yesterday in the offices of the Ministry of Finance, "YeES" Rossi, and "Rosugol," these departments have clearly been "invigorated" to some extent. This invigoration may have been late in coming, but it does instill hope that the crisis will be resolved. And not by one-time measures, but radically. So that there are no recurrences in fall and winter.

Russia: Hike in Power Charges To Dent Confidence in Government

MM0208105896 Moscow IZVESTIYA in Russian
1 Aug 96 p 2

[Report by Yuriy Nevezhin: "Electricity Prospects. From October Some People Might Have To Sit in Candlelight"]

[FBIS Translated Text] From the fourth quarter this year citizens will have to pay more, a lot more. A government decree on this subject has been prepared and is about to be adopted.

At present price increases have been artificially frozen — by presidential edict. Until the end of September tariffs per kilowatt-hour will be controlled by the government and will remain at the previous level — 68.4 rubles [R] per kilowatt-hour for domestic consumers and R297.9 for industry. The new tariff system presupposes that, by contrast, domestic consumers will pay more than industrial ones.

To what extent the tariffs are justified is a separate question, but it is a fact that local administrations on whose territory power stations are located can, by the authority given to them, set their own electricity prices. And that is what they are doing. The difference in tariffs is covered by the federal budget by allocating subsidies to local budgets in the form of tax exemptions for electricity-producing enterprises. The transfer of money from the federal to the local budget is not very pleasant for the federal authorities, but regional administrations are extremely interested in it.

The whole tragedy that has been played out in Maritime Kray is rooted in the voluntarist attitude toward the setting of electricity tariffs. For example, in the fourth quarter of 1995 Maritime Kray Energy Commission set the tariff at R162 per kilowatt-hour. Its cost at the "Dalenergo" joint-stock company was R240. The difference of R78 should have been covered by the government, but another figure had already been agreed with it — R32. That is a net loss of R46. For "Dalenergo" this amounted to R87 billion in the fourth quarter alone. The same thing happened during the whole of 1995 and, according to Economy Ministry claims, is continuing in 1996. So in principle miners cannot receive money from their consumers, although they are punctually dispatching coal to power stations.

The government set up the Federal Energy Commission (FEC) to coordinate positions between power workers, consumers, and raw materials workers. One of the commission's first decisions will be to prepare new standard electricity charges.

Currently the FEC's proposal to set the tariff for domestic consumers at R200 per kilowatt-hour is being considered. If consumption is more than 200 kilowatt-hours the price will be doubled. Concessions for citizens on low incomes are envisaged [according to the accompanying table it is proposed that this rate be set at R100 per kilowatt-hour].

In the Economy Ministry's opinion, these measures will make it possible to alleviate industry's situation. Especially as the cost of supplying electricity for domestic needs is higher than for plants and factories.

Increasing electricity charges is an extremely unpopular measure among the people. But to be fair, it must be observed that excessive increases in electricity tariffs for industry eventually lead to dearer consumer goods. The authorities have been forced to make a decision which may be essential but which people find hard to swallow. "Love of electricity" could quite easily undermine confidence in the government.

Economic Issues

Russia: Old State Manager Class Hindering Economic Development

MM0108111696 Moscow ROSSIYSKIYE VESTI
in Russian 31 Jul 96 p 2

[Article by Andrey Kolesnikov: "Old Directors Are Trying To Squeeze Money Out of State in Order To Exist"]

[FBIS Translated Text] The argument about whether or not to retain the sector-based structure of administration is a fundamental one. It involves not only different political approaches and the exposition of the differences between two economic types of thinking. What is at stake in this argument is investment.

In actual fact a purely political decision — to change the government structure and economic management system — could entail serious economic consequences. If the sector-based structure is retained, as the government's conservative left wing, which is by no means limited to Oleg Soskovets and his secretariat and trusted ministers, is insisting, then the Russian economy should not hold its breath for investment. The point is that the retention of sector control over enterprises means unequivocal support for directors, who, as is known, have lately been opposing property owners extremely vigorously and successfully. The directors, who by the logic of things are no more than hired managers replaced and appointed at will by the owner, once again feel like the masters of an enterprise. This is the case regarding the privatized enterprises. Then there is the state sector,

whose privatization is being retarded by none other than the sector bosses.

Everybody now seems to realize that the state has no money to support such a large number of enterprises. A structural reorganization is in principle impossible if the current economic management system is retained. Moreover, it is known that the state does not have the resources and administrative means to manage property effectively. In this sense privatization is the state's salvation from complete bankruptcy. In the broad sense privatization means not only enterprises, for instance, but also the state's social obligations, whose burden it is still unable to bear. Nevertheless for some reason there is a fierce struggle going on right now among sector lobbyists for the retention of control over enterprises out of which nothing more can be squeezed. Four years of reforms have taught these people nothing. Their psychology has not changed; they have not become "socially mobile" to any great extent. It is impossible to explain rationally the fantastically strong belief that money can be squeezed out of the state even given the firm knowledge that there is no such money.

The moral and political effect of Boris Yeltsin's victory is an extremely large-scale one. The latest political credit has been received from the people, comparable only to the similar credit in 1991. It would seem that now it is high time to achieve a final liberalization of the economy, intensify monetary privatization, and do away with a politico-social class — the old directors — which continues to exist only because for incomprehensible reasons the state itself is protecting it. But even the draft privatization program, which is not as radical as previous ones, incorporates the point that the privatization of objects of ownership is possible only with the sector department's consent. If the patient cannot certify his own death, that means only one thing: He is long dead already....

The question is very simple: Either the directors will ruin the economy and bankrupt the state or the state will decide after all that investment and economic growth are more important than personal attachments to respectable, pot-bellied citizens with a standard engineering education and identical biographies and will end their autocracy.

In our country's most recent history the sector-based management structure has been hindering the economy's development since 1964. If this Brezhnevite administrative mechanism is retained, the country will in time come to resemble Brezhnev. It turns out that financial stabilization and political stability are insufficient to bring investment into the economy. First of all the basic antagonistic conflict must be resolved — that between

owners and directors, between the state and those who consider themselves the guardians of its interests.

Russia: New Promissory Notes Program Launched

MM3107140096 Moscow RABOCHAYA TRIBUNA in Russian 30 Jul 96 p 2

[Report by special correspondent Rustem Tell: "The Energy Promissory Note Will Reduce Nonpayments. This Is the Opinion of Members of the Financial Energy Union"]

[FBIS Translated Text] Mutual nonpayments have reached such a critical point that they are threatening Russia's economic security. Various figures are aired, ranging from 300 trillion rubles [R] (A. Volskiy of the RUE [Russian Union of Industrialists and Entrepreneurs]) to R600 trillion (M. Zadornov of the State Duma). Any of them exceeds the Russian Federation's annual budget. The process is in the ascendant, and only promissory notes are capable of still somehow making good the shortage of "live" money. They are now being issued by everyone who feels like it. Here too, however, the unscrupulousness of some issuing bodies results in the mass emergence of "promissory note pyramids" of unsecured papers, aptly nicknamed "bronze" promissory notes. A graphic example of this is provided by the crashed "Tveruniversalbank," a champion at issuing "bronze" notes.

How are we to regularize circulation in this segment of the securities market, which has rapidly absorbed all the characteristic features of our economic malaise? The RUE, along with the Ministry of Fuel and Energy and other interested departments, which were joined by 31 Federation components and also more than 10 of Russia's major banks, have drawn up a scheme to oust the "bronze" notes by means of promissory notes backed by bank and other guarantees, liquid resources, and other accumulations. To this end the Financial Energy Union — an issuing body for secured debt bonds — has been created.

At a meeting with journalists at the RUE, Yu. Kazeykin, the Financial Energy Union's general director, clearly outlined the prospects for the new business — essentially a promissory note anticrisis program under the state's control. Since the fuel and energy complex "weighs" more than half of the economy of all of Russia, it has been chosen as the launch pad. Of course, this is where the "live" money is, with which the Ministry of Fuel and Energy is prepared to back the energy promissory notes. It will be helped in this by the Bank Promissory Note Consortium — the chief guarantor, which takes it upon itself to guarantee [avalirovat] securities.

The system, which has been named the Comprehensive Program for Improving Intersectoral Promissory Note Transactions and Eliminating Nonpayments in the Fuel and Energy Complex, is to start working as of the third quarter.

Mosbiznesbank President V. Bukato has named the partners in the promissory note consortium. They include the Inkombank, "Rossiyskiy Kredit," the SBS [expansion unknown], the Radpromtekhbank, the Ratobank, and other equally weighty "foci of Russian capital." Emission at the level of R18 trillion is proposed over a two-year period. But the bank consortium's backing for energy promissory notes in the third quarter will at present total R900 billion in "live" money. Securities to the value of approximately R1.6 trillion will be placed through surety guarantee funds. But it must be borne in mind that each secured promissory note cancels payment arrears that are between four and six times its own face value.

Energy promissory notes must gradually oust over 180 kinds of promissory notes of numerous issuing bodies that are circulating in an uncontrolled manner on the securities market. They must become a financial instrument for promptly resolving economic crisis situations like the one that has taken shape in Maritime Kray. So the program's implementation will affect not only the prompt payment of wages but also the pocket of the ordinary Russian as a whole.

As a priority, the "gold" promissory note, which is what the energy promissory note is already being called, must undoubtedly defuse the situation in industry, which RUIE President Arkadiy Volskiy described as gloomy, as well as describing the reduction of production in machine building and other leading sectors as nonstop. But the program for issuing promissory notes all over the country will be approved as a federal program no sooner than the president's inauguration and the formation of Russia's new government.

Russia: Commission Examines Nonpayments Problem

MM3107125996 Moscow *FINANSOVYYE IZVESTIYA* in Russian 30 Jul 96 p 1

[Report by Yevgeniya Pismennaya: "Government Has Again Set About Resolving the Problem of Nonpayments"]

[FBIS Translated Text] After a brief lull caused by the presidential election, the government is once more making attempts to reduce the level of nonpayments in the national economy. The latest session of the Commission To Improve the Payments and Settlements System was devoted to this problem.

Nonpayments first made their presence felt back at the beginning of 1992. They were mainly caused by the excessive devaluation of circulating capital and the destruction of the state credit system alongside the high cost of commercial credit.

The Ministry of the Economy observes that a feature of this early period was the fact that, although the nonpayments in question were between enterprises, claims were mainly filed against the government. As a result the state made a mutual settlement in the fall of 1992 and nonpayments were significantly reduced.

Between 1993 and the beginning of 1995 the level of nonpayments increased again, then stabilized. However, their total volume as a proportion of GDP did not reach a critical level compared to developed countries, where the volume of nonpayments (commercial credit) is two to three times greater.

With regard to the sector distribution of nonpayments for the years 1995-1996, the fuel and energy complex sectors are the worst offenders: They account for 33 percent of nonpayments for industrial output and 51 percent of arrears for taxes and payments to the budget, which is due to their increased share of the total volume of production. The regional distribution of nonpayments mirrors the sector distribution. For example, the combined nonpayments of the Urals and West Siberia Economic Regions account for more than 40 percent of Russia's debts as a whole. But only 13.8 percent of Russia's population lives in the Urals Region and it accounts for 14.4 percent of people employed in the national economy. Moreover, these regions are also most behind in their payments to the federal budget. For example, the West Siberia Region, apart from having the greatest arrears in absolute terms, ranks first in terms of the volume of arrears to the federal budget which stand at 63.8 percent.

One of the main underlying causes for the increase in nonpayments in these regions is continuous production in their sector complexes, which cannot be shut down and whose renovation will require a much greater outlay than maintaining the process as it is. This often forces the producers to let the consumers have their output irrespective of whether they have actually paid for it.

As First Deputy Minister of the Economy Andrey Shapovalyants pointed out, the current state of the fuel and energy complex and the metallurgy industry does not give grounds for optimistic forecasts. The demand for these sectors' output in the domestic market is considerably less than their production potential. The external market does not make up for the losses caused by the fall in demand from domestic producers. The ensuing increase in the price of output continues to

reduce effective demand within the country, giving rise to a further fall in production. The enterprises have not been able to benefit from the financial resources available to them owing to the significant gap that has existed for some time now between domestic and world prices for their output. It has on the whole been the middlemen who have benefited from the situation.

The West Siberia Region has, it seems, long lived outside of market laws and has been building up its debit and credit indebtedness to suppliers and banks. At the same time, its debts to the federal and territorial budgets increase.

The government commission members noted that the regions are doing little to deal with the problem of non-payments. On the whole, their work focuses on the issue of securities to provide money for local budgets, including promissory notes and bonds for oblast (municipal) loans, and on supporting the secondary market for them. Such methods are, for example, being employed in Nizhniy Novgorod, Yaroslavl, and St. Petersburg.

At first this produced positive results. For example, Yaroslavl Oblast Administration issued promissory notes on an experimental basis in the summer of 1994. According to the experiment's results, debts were paid off that totaled four times the face value of the promissory notes in circulation. In September 1994 promissory notes for a further 5 billion rubles [R] were issued. During the nine months the promissory note program was in operation (from October 1994 to May 1995), taxes to the value of R30 billion were received in promissory notes in Yaroslavl Oblast and nonpayments in the oblast were reduced by R161.5 billion. With the introduction of the promissory notes, the oblast budget deficit was reduced by R10.5 billion.

Now the practice of using promissory notes is no longer cause for any great optimism. Often the promissory notes are used for cash payments and their liquidity is reduced. The government intends to change the rules for the circulation of promissory notes. It is essential that the promissory notes be made more reliable and they are actually backed by territorial budget revenues. Here strict control should be established by the center over their issue and circulation. Local authorities enjoy greater success in the issue of securities because their activities are monitored by the Ministry of Finance. In connection with this the government intends to encourage such transactions.

This of course assumes that the regions will step up their work to collect taxes. At present arrears in payments to the federal budget, including deferred payments, are greater than those to the territorial budgets. For example, according to the results for the first quarter, 47 percent of

all taxes and other mandatory payments collected in the territories have been transferred to the federal budget. But according to Economy Ministry documents, "arrears in payments to the federal budget accounted for around 60 percent of the total sum and the amount of deferred arrears was about the same."

Russia: Central Bank Regulatory Measures Welcomed

MM0208093896 Moscow FINANSOVYYE IZVESTIYA in Russian 30 Jul 96 p iii

[Article by Ivan Zhagel: "Central Bank Makes Strong Moves and Is Winning in the Eyes of the Banking Community"]

[FBIS Translated Text] Vyacheslav Zakharov, vice president of the Association of Russian Banks [ARB], stated in an interview to this newspaper that the whole series of important decisions adopted last week by the Central Bank will have a positive influence on the state of the entire banking system and take the edge off the effects of the crisis which are being observed at present. He also considered it necessary to point out that the management of the Central Bank of Russia is ready to make compromises and to engage in constructive dialogue with the banking community.

Last week was indeed an extremely busy time as far as the regulation of the country's financial system was concerned. We should first of all draw attention to the Central Bank's decision to reduce from 1 August mandatory reserve rates for credit organizations. For example, for current ruble accounts and fixed-term commitments up to 30 days reserves will be 18 percent, for fixed-term commitments from 31 to 90 days they will be 14 percent, and for fixed-term commitments above 91 days 10 percent. As for reserve rates for foreign currency accounts, they will remain 2.5 percent as before.

The Central Bank has in fact returned to the mandatory reserve rates which existed in May and were changed after the State Duma adopted a decision to transfer 5 trillion rubles [R] of the Bank of Russia's profit to the budget. Then specialists calculated that increasing the rates would cost the commercial banks R2-3 trillion. Of course, approximately the same sum will be returned to the banks after 1 August. But if you take into consideration the fact that the Central Bank had earlier resumed Lombard credit auctions and had lifted its restrictions on open foreign currency positions, all these measures will significantly increase the Russian banking system's liquidity and stability.

While pointing out the measures' positive side, Vyacheslav Zakharov noted that the mandatory reserve rates

are still fairly high and the ARB will press for them to be lowered, especially for foreign currency accounts.

Of the other conspicuous steps taken by the Central Bank last week, we might also mention the lowering of the refinancing rate from 120 to 110 percent per year. This figure is of less practical significance, of course. It is more in the nature of an assessment and reflects the Central Bank's attitude toward the processes taking place in the financial sphere. For example, the lowering of the refinancing rate gives all players in the credit market a signal that the situation here should improve and that at least the Bank of Russia itself is confident of this.

However, the past week has demonstrated that the Central Bank intends not only to hand out "carrots" but also to more resolutely wield the "stick." The Central Bank's board of directors has approved a new regulation "On the Procedure for Imposing Fines on Credit Organizations for the Violation of Mandatory Economic Norms." The point is that the law on the Central Bank does not contain a flexible mechanism for applying this measure. At present the procedure for imposing fines is differentiated according to the type and quantity of mandatory norms that have been violated, and the degree and frequency of violations during the last 12 months.

For example, a minimum fine of up to 0.05 percent of the minimum incorporation capital will be imposed for a single violation of one or several norms which do not affect the bank's liquidity. But the maximum fine of up to 0.1 percent will be imposed for violations of mandatory norms which render a bank's credit policy risky. Moreover, when a credit organization fails to carry out the Bank of Russia's orders concerning adherence to norms, the fine may be increased to 1 percent of the incorporation capital, but no more than 1 percent of the minimum incorporation capital.

The regulation comes into force 1 August 1996 and this document will definitely provide the Central Bank's territorial administrations with a precise mechanism for bringing pressure to bear on commercial banks.

Finally, last week the Central Bank published some details of a new mechanism for giving nonresidents access to the state securities market. I must remind you that they previously worked with state bonds through Russian banks abroad. But now nonresidents will be able to carry out such transactions directly with Russian banks and to enter the secondary securities market.

It has already been established that the return on non-residents' transactions involving state securities will not exceed 19 percent per year. This figure will be regu-

lated by converting the ruble profit that has been made into foreign currency at a rate of exchange established by the Bank of Russia. Quantitative restrictions have also already been placed on the participation of nonresidents in transactions involving state bonds. In August the quantity of foreign investments in this market must not exceed \$700 million and in September they must not exceed \$1 billion.

The Bank of Russia press center reported that the Central Bank of the Russian Federation Credit Committee has decided which banks will receive permission to open and hold "S"-type accounts for the servicing of nonresidents' investments in the short-term state bonds/federal loan bonds market. The list includes: the Savings Bank, the Foreign Trade Bank, Mezhdunarodnaya finansovaya kompaniya, Imperial, Inkombank, Mezhdunarodnyy moskovskiy bank, Menatep, Tokobank, Mosbiznesbank, Rossiyskiy kredit, Avtobank, Mostbank, Mezkhombank, MDM-bank, Alfa-bank, ONEK-SIMbank, Stolichnyy bank sberezhniy, Promstroybank (Moscow), Natsionalnyy rezervnyy bank, Alba-Alyans, and Yevrofinans.

Russia: Oil Company Refuses IBRD Credit as Impossible To Repay

MM0108154396 Moscow IZVESTIYA in Russian
1 Aug 96 p 2

[AFI report under the "Credits" rubric: "Afraid of Getting Caught in Debt Trap"]

[FBIS Translated Text] The "Kogalymneftegaz" Russian oil producing association (which is a subsidiary of the Lukoil company) has refused to continue to implement the credit agreement it has with the International Bank for Reconstruction and Development (IBRD). As a result around \$130 million of the \$272 million credit granted by the IBRD to the enterprise within the framework of the first rehabilitation loan will remain unused.

The "Rosneft-Purneftegaz" Joint-Stock Company had earlier refused to continue using IBRD and European Bank for Reconstruction and Development credit. The enterprise explains this refusal by the fact that it is impossible to repay the credits when after it has paid its taxes it will not even have enough spare funds to repay credits at the most preferential rates.

Russia: Minister Sees Local Funding as Key to Agriculture

LD3107120496 Moscow INTERFAX in English
1101 GMT 31 Jul 96

[FBIS Transcribed Text] MOSCOW, July 31 (Interfax) — A senior Russian minister said on Wednesday

that regionally raised funds might prove important in financing Russia's agricultural sector.

Deputy Prime Minister Aleksandr Zaveryukha, speaking at a meeting in Moscow, called such funds the farming sector's "main hope." Last year the sector received twice as much money from local sources as it did from the national treasury, he told the meeting, held at the Agriculture and Food Ministry.

He said regional funding was especially important in current grain harvesting.

A senior Agriculture and Food Ministry official said North Caucasus farms were finishing gathering in the grain harvest, which in that region was "somewhat poorer than last year." At the same time, the per hectare yield in the Central Black Earth Belt and the Volga area was expected to be between 2 and 4 metric centners

higher this year than in 1995, Ivan Gridasov told the meeting.

By July 29 Russian farms had finished threshing grain harvested from more than 8 million hectares, 17 percent of the country's total sown area. The yield there was 19.4 centners per hectare, compared to 15.6 centners in the same period last year.

Gridasov warned that delays with threshing might lead to losses of grain. He urged the state to provide at least 80 percent of the budgeted agricultural expenditure before October 1 and speed up raising 700 billion rubles allocated for farm machinery.

The official also said Russia was in a position to allot as much seed for next spring's sowing as it needed — about 10 million tonnes.

International Affairs

Ukraine: Udovenko Begins Two-Day Moscow Talks
WS0208075296 Kiev INTELNEWS in English
0223 GMT 2 Aug 96

[FBIS Transcribed Text] Kiev, Aug. 1 — Hoping to pave the way for treaty negotiations between Ukraine and Russia, Ukrainian Foreign Minister Hennadiy Udovenko began two days of talks in Moscow on Thursday, tackling issues related to NATO expansion, the Black Sea Fleet division and the remarkation of Russian-Ukrainian borders.

Udovenko told his Russian counterpart Yevgeniy Primakov that bilateral talks, which "had stalled" due to the presidential elections in Russia and the adoption of Ukraine's constitution, should be reactivated.

The two also discussed the forthcoming visits of the Russian President to Ukraine, and the Ukrainian President to Russia. According to preliminary information, President Kuchma is to visit Moscow on August 9 to attend the inauguration of President-elect Boris Yeltsin.

Primakov touched on the issue of European security and NATO's expansion to the east, saying that NATO's eastward expansion is not in the interests of CIS countries and is directed against the emergence of a "strong center" in the territories of FSU. (Earlier this week Primakov and Russian Prime Minister Victor Chernomyrdin met with CIS ambassadors in Moscow to discuss Russia's stand on NATO and the necessity for a common policy on NATO expansion).

The parties also discussed the establishment of nuclear-free zones in Central-Eastern Europe, and Udovenko sent a letter to foreign ministers of NATO member-countries, initiating a 16+1 meeting (16 members of NATO and Ukraine).

Udovenko said that while expanding in east, NATO should not place nuclear arms in the territory of the former Warsaw Pact countries.

Udovenko also met with the Russian Council of Security Secretary Aleksandr Lebed and aide to the President of Russia Dmitriy Ryurikov on Thursday.

Ukraine: Udovenko Voices 'Satisfaction' After Primakov Talks

LD0108134896 Moscow INTERFAX in English
1327 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 1 (Interfax-Ukraine) — Ukrainian Foreign Minister Hennadiy Udovenko expressed satisfaction over the talks with his Russian counterpart, Yevgeniy Primakov, in Moscow on Thursday.

The talks, which lasted for more than three hours, discussed about 30 issues concerning both bilateral and international relations, Udovenko told Interfax-Ukraine later this afternoon. He will stay in Moscow for one more day.

The talks managed to "reach understanding basically on all the issues discussed," he said.

However, Udovenko said that it was still premature to speak about the final results of his visit, because his meetings in Moscow will continue. "At the same time, I would like to emphasize that the talks are going on in an amicable and sincere atmosphere," he stressed.

Ukraine: Udovenko Tables Nuke-Free Proposals in Moscow

LD0108132696 Kiev UNIAN in Ukrainian
1230 GMT 1 Aug 96

[FBIS Translated Text] Moscow, 1 Aug — During talks with Russian Foreign Minister Yevgeniy Primakov, Ukrainian Foreign Minister Hennadiy Udovenko proposed the establishment of a nuclear-free zone in Central and Eastern Europe. Udovenko also wrote to foreign ministers of the NATO countries proposing a 16 plus one meeting (16 NATO members plus Ukraine) in order to "give the Ukrainian initiative a concrete shape."

In an interview for UNIAN, the foreign minister said Ukraine has the moral right to put forward this proposal as a country which voluntarily renounced nuclear arms. Ukraine wants to make sure that no nuclear weapons are deployed on the territory of new NATO members among the former Warsaw Pact countries, Udovenko said.

Ukraine: Udovenko Seeks Hastening of Talks on Black Sea Fleet

LD0108174096 Moscow INTERFAX in English
1654 GMT 1 Aug 96

[FBIS Transcribed Text] MOSCOW, Aug 1 (Interfax) — Ukrainian Foreign Minister Hennadiy Udovenko called for speeding up talks on the Black Sea Fleet bases in Crimea.

Udovenko told Interfax-Ukraine in Moscow Thursday that he had suggested to Russian presidential foreign policy adviser Dmitriy Ryurikov and Russian Security Council Secretary Aleksandr Lebed that talks at the level of experts should be resumed as soon as possible, or immediately after the inauguration of President Boris Yeltsin, slated for August 9, rather than in the fall. When the fleet issue is resolved, Yeltsin could come to Kiev to sign a Friendship and Cooperation Treaty between the two countries, Udovenko said.

Once the treaty is signed, there will be a legal framework for all aspects of bilateral relations, he said.

Udovenko will meet with Russian Prime Minister Viktor Chernomyrdin and hold a joint news conference with Russian Foreign Minister Yevgeniy Primakov on Friday.

Ukraine: Officials Comment on Results of Talks in U.S., IMF Credit

WSO108112696 Kiev KIYEVSKIYE VEDOMOSTI in Russian 30 Jul 96 p 4

[Article by Valentyna Symkovych: "What Did Pavlo Lazarenko Bring From Washington?"]

[FBIS Translated Excerpt] [Passage omitted]

To Go Through Dragon's Teeth

"The negotiations on the stand-by loan program were the most difficult stage," [of Ukrainian Prime Minister Pavlo Lazarenko's visit to the United States] Ukrainian National Bank Chairman Viktor Yushchenko has confessed to journalists.

In general, among IMF credit programs, the stand-by loan is the most rigid and draconian one. This is a purgatory for postsocialist "sinners" for their socialist manners, so to say. The sense of the very rigid terms for a country which receives the loan — and, naturally, for this country's government (the terms concern the taxation system, welfare payments, inflation rate, and many other things) — is that only after surviving the draconian requirements will the country's economy "take off," and this will mean that international monetary organizations will be able to count on the fact that the money they loaned will be repaid. By the way, Russia has recently been denied another tranche of the stand-by loan due to its violation of IMF requirements.

"By the end of this year," new Ukrainian Finance Minister Valentyn Koronevskyy said during an interview with KIYEVSKIYE VEDOMOSTI, "Ukraine should receive up to \$650 million according to this program. However, it will be very hard to meet the requirements. Therefore, we needed this visit to show and convince international financial organizations we need to get this money by the end of this year in order for Ukraine to maintain the pace of reforms."

"The main thing is that the IMF finally understood that Ukraine not simply needs money, but needs it on time," Viktor Yushchenko emphasized.

Also discussed with the IMF were new agreements for the next three years. The talk was about loans totalling \$3 billion.

Will They Give Ukraine Dollars To Support the Hryvnya?

"Yes, a stabilization fund for the national currency is possible as a conclusion for the stand-by loan," Viktor Yushchenko said while commenting on the results achieved in Washington. "Ukraine raised this issue officially, and the IMF officially reacted. It should be said that not a single country has received this loan as yet. Currently, the following situation exists in the IMF: either Ukraine becomes a pioneer, or this method of granting loans will not exist at all."

So how will the loan for the hryvnya look, if it is granted at all? According to a proposal presented to our country, \$1.5 billion should arrive in four tranches, the first of which will amount to 35 percent of the total sum. Besides, Viktor Yushchenko dreams about the following:

"If we could refrain from taking a single dollar from this fund, and still retain this fund — moreover, if we could have it outside Ukraine."

Most likely this is needed so that there is no temptation and possibility to waste the stabilization fund on wages and gaps in the budget.

"As for Wages, We Have Found Internal Reserves"

This is how Pavlo Lazarenko replied, during a news conference at the U.S. National Press Club, to a spiteful question as to whether it is true that we asked the IMF to allow us to use some of the loans for wages, and what was the IMF's reaction. Pavlo Ivanovych explained that there had been no reaction because he had not addressed this issue to the IMF.

"The \$300 million for wages," Viktor Yushchenko told domestic journalists, "bears no relation to international financial organizations. The talk here is about bilateral agreements between the U.S. and Ukrainian governments."

However, no issue concerning specific money was discussed during the prime minister's meeting with the U.S. secretary of the treasury. Ukrainian Finance Minister Valentyn Koronevskyy told us that the Americans were not ready for a substantial debate on this issue.

Roman Shpek, chairman of our National Agency for Reconstruction and Development, commented on this as follows:

Neither the U.S. Government nor even the U.S. President can change their budget in the middle or at the end of a fiscal year. And in the United States the fiscal year begins on 1 October. During Pavlo Ivanovych's talks in Congress, a decision was made on a new amount of aid

to Ukraine for the next year. Given the general cutbacks in the U.S. aid to other countries, the previous amount was maintained with regard to Ukraine. "However, we reached an agreement," Roman Vasylovch added, "that next week we will continue to explain our position via telephone or other communication channels in order to receive U.S. assistance."

[Deputy Prime Minister] Viktor Pynzenyk assessed the visit and its results as follows:

"At the current stage, it was impossible to achieve more." "The World Bank and the IMF," he added, "are Ukraine's largest creditors. They have given us \$2 billion this year. This makes it worthwhile to send the prime minister to them."

Ukraine: Security Service on Mass South-East Asian Immigration

LD0108114896 Kiev UNIAN in Ukrainian
0800 GMT 1 Aug 96

[FBIS Translated Text] Kiev, 1 August — The Security Service of Ukraine (SSU) believes the country has become a center of world migration and a "buffer zone" for mass immigration from South-East Asia and the Middle East to Western Europe where they face strict visa requirements.

According to a senior official at an SSU department which deals with illegal immigration, the problem has acquired dangerous proportions. Ukrainian authorities detained more than 12,000 foreign nationals in 1995 for attempting to cross the border illegally. More than 3,000 illegal immigrants were caught in the first six months of 1996.

The SSU official stressed the danger of immigration falling into the hands of high-profit international criminal business. He said the current charge for arranging illegal immigration to Germany varied between \$5,000 and \$10,000.

National Affairs

Ukraine: Kuchma Praises First Major Naval Exercises

LD0208103896 Moscow INTERFAX in English
1029 GMT 2 Aug 96

[FBIS Transcribed Text] KIEV, Aug 2 (Interfax-Ukraine) — Ukrainian President Leonid Kuchma has spoken highly of the Ukrainian Navy's performance in its first major exercises, First Deputy Ukrainian Defense Minister Ivan Bizhan said in an interview in Sevastopol on Thursday.

Ukraine is holding the exercise with the use of all of the navy's arms and services. President Leonid Kuchma

monitored the exercise on August 1 from the navy's flagship, the Getman Sagaidachny.

Bizhan said that in response to proposals from the Defense Ministry and the Ukrainian Navy, Kuchma had agreed in principle to declare August 1 as Ukrainian Navy Day.

Bizhan said that the first exercise showed the navy's capability to defend the country's maritime border.

About cooperation by the Ukrainian Navy and the Russian Black Sea Fleet, Bizhan said that Ukraine had always been prepared to form its navy and divide the Black Sea Fleet in such a way so as to make it possible to perform certain missions on a joint basis.

"Deplorably, that did not happen. Now we are capable of coping with our missions independently and the president's high assessment of the exercise is evidence of that," Bizhan said.

He avoided commenting on the current condition of the Black Sea Fleet problem, because "the job of the military is to carry out the military policy determined by the state." At the same time he said that there were no technical problems involved in dividing the fleet and the deployment of the Ukrainian Navy and the Black Sea Fleet.

"There are political problems that have to be resolved at the political level. If there is political goodwill on Russia's part, that problem can be resolved," Bizhan said and added that Ukraine had such political goodwill.

Ukraine: Lazarenko Says Miners Being Funded From Abroad

LD0108201596 Moscow Russian Public Television
First Channel Network in Russian
1700 GMT 1 Aug 96

[Report by unidentified correspondent on "Exclusive" interview with Ukrainian Prime Minister Pavlo Lazarenko; place and date not given; from the "Vremya" newscast; passages contained within quotation marks are recorded]

[FBIS Translated Text] Thorough preparations are at present being made in Kiev for the first visit to Moscow by new Ukrainian Prime Minister Pavlo Lazarenko.

[Correspondent] The meeting between the two prime ministers will be held in a situation, where both countries have been through events determining their future fate — the elections in Russia and the adoption of the constitution in Ukraine — and this will naturally have an impact on their future relationship. What will predominate? Will it be politics or will it be economics?

[Lazarenko] "Economics will be the priority. There are a very large number of joint programs, and intergovernmental agreements have been signed, which need to be deepened and implemented. I will simply say that it is a matter of monitoring their implementation. The programs are excellent and the decisions are excellent, but a little remains to be done in carrying out the terms of the accords signed in 1993 and 1994 by the governments of Ukraine and Russia."

[Correspondent] In an exclusive interview for the "Vremya," Pavlo Lazarenko emphasized that in the future the Cabinet of Ministers will see that the coal miners receive their payments in good time, since according to the specialists, if there were another strike, it could bring the industry to its knees. The government plans to settle the pay arrears owed to Ukraine's miners in the very near future. Over 64 trillion karbovantsi have already been earmarked for this.

[Correspondent to Lazarenko] "The matter now is that the miners reject what you had to say about the deliberate character of the strike. The trade union leaders are loudly proclaiming that this is an infringement of human rights."

[Lazarenko] "That is their problem. I will act appropriately within the framework of existing laws and you will see for yourself the decisiveness of the government in this area. They hide abroad at the present time and sling mud from neighboring states. Let them come here and we will see for ourselves who is who. At the present time we have information on who has been providing the funding, and this includes funding from neighboring countries — from neighboring countries of the near abroad the far abroad."

[Correspondent] These statements by the prime minister give grounds for thinking that we can expect some sensational reports in the near future.

Ukraine: Ukrainian Nationalists' Move Merely 'Change of Tactics'

MM0108105496 Moscow KRSNAYA ZVEZDA in Russian 1 Aug 96 p 3

[Report by Grigoriy Nesmyanovich: "UNA-UNSO Changes Its Spots. By Refashioning Its Tactics and Strategy, It Is Trying To Move Into the 'Rational Opposition' Camp"]

[FBIS Translated Text] Kiev — Anticipating possible repression in connection with the introduction of "elements of a state of emergency" in the country following the adoption of the Ukrainian Constitution, the Ukrainian National Assembly [UNA] and its military sports wing — the UNSO [Ukrainian People's Self-

Defense] — have decided to change their tactics and strategy drastically. UNA Deputy Chairman Dmytro Korchynskyy has declared that the nationalists are now abandoning involvement in armed conflicts on the territory of other states and will also avoid "street actions and clashes" on Ukrainian territory.

It was stated that the UNA is also renouncing "extremism in the political struggle and will advance toward victory only by constitutional means." As though in confirmation of this thought, Korchynskyy added that the UNSO has been disbanded, while the small entrepreneurs' trade union and patriotic sports formations have joined the UNA. Something similar happened in the thirties. In Germany....

In short, the "weapons" are being adapted to operate on a single front. In this case it can also be put as follows. The superfluous letters in the organization's name are being eliminated, but at the same time its ranks are being replenished and its structure simplified (it should be pointed out that this has already been stripped of its excessive bureaucratic apparatus). Korchynskyy believes that it has become quite pointless for the UNA to be in the so-called political opposition and that "the only rational position for the UNA is cooperation with the government and defense of the Constitution."

In our view it is precisely the word "defense" that is the key to understanding all that is happening. It could at any moment be replaced by the word "self-defense" with the addition of "national."

Ukraine: Party Protests Ministers' Discussion of CIS Peacekeeping

LD0108141196 Kiev UNIAN in Ukrainian 1020 GMT 1 Aug 96

[FBIS Translated Text] Kiev, 1 Aug — The Ukrainian Republican Party [URP] protests against any discussion of legal arrangements for the establishment and functioning of CIS peacekeeping forces at the meeting of Ukrainian and Russian foreign ministers in Moscow. In a statement circulated to UNIAN, the republicans stress: "There are no legal or moral grounds for cooperation with the CIS peacekeeping forces, an uncertain military formation designed to serve as Moscow's policeman on CIS territory." The statement points out that Ukraine is not a member of the CIS [defense structure] and its military units never belonged to the CIS peacekeeping forces.

The URP assumes that during the talks, Russia will insist on the deployment of CIS peacekeeping forces on the Ukrainian territory and Ukrainian servicemen's involvement in "CIS trouble spots." The party declares

that it is ready to defend the Ukrainian people's constitutional rights against such demands.

Ukraine: 'Hungry' Chernobyl Worker Arrested Over Strike Threat

MM0108152896 Moscow IZVESTIYA in Russian
1 Aug 96 p 1

[Report by correspondent Yanina Sokolovskaya from the column "From Our Correspondents and Press Agencies": "Incident in Chernobyl"]

[FBIS Translated Text] Our correspondent Yanina Sokolovskaya reports that a "terrorist" has been arrested in Chernobyl for making a telephone call to the nuclear power station management on the night of 29-30 July in which he threatened to close down a power unit by calling a strike in the chemical shop. His only demand was the prompt payment of delayed wages.

A group of counterintelligence agents from the Ukrainian Security Service's Kiev Directorate rushed to Chernobyl and tracked down the terrorist in a matter of hours. He turned out to be a worker from the nuclear power station. He insists that the only reason he embarked on the terrorist act was that he was very hungry.

While the terrorist awaits trial, the nuclear power station workers await their wages.

Economic Issues

Ukraine: Premier Announces Support For Antonov Aircraft Builders

LD0108205196 Moscow INTERFAX in English
1720 GMT 1 Aug 96

[FBIS Transcribed Text] Kiev, August 1 (Interfax-Ukraine) — The Ukrainian Government will support the ANTONOV aircraft-building company in the effort to complete the construction of the AN-70 plane and propose to Russia's Government to step up cooperation in the manufacture of this promising type of plane.

This was disclosed by Pavlo Lazarenko in the course of his visit to the Antonov plant in Kiev today.

According to him, a letter to this effect will shortly be sent to the Russian Government.

In the course of the visit, the Prime Minister also disclosed the intention to support the JSC Motor-Sich, manufacturer of unique turboprop engines for the AN-70. In addition, Lazarenko emphasized that support would be funded from "non-budgetary" sources.

As was earlier disclosed at the meeting of the Ministry of Machine Building Collegium, the work on the second

AN-70 aircraft has been 80 percent completed. The first one crashed in a test flight in 1994.

Also discussed during the visit were prospects for the construction of a multi-purpose medium-range AN-140 airplane.

Asked by newsmen about a shakeup of the Government, Lazarenko declined to give a definite answer, saying that he would answer "all questions" at a news conference to be called soon.

Ukraine: Situation in Lvov Oblast Coal Industry Analyzed

WS0108135396 Lvov MOLODA HALYCHYNA
in Ukrainian 20 Jul 96 p 1

[Report attributed to the Lvov Oblast State Administration press center: "Is the Oblast State Administration Guilty?"]

[FBIS Translated Text] The political life of Lvov Oblast has stabilized: passions have calmed down, miners' strikes in Chervonohrad and Velyki Mosty have stopped, and currently all mines are working and producing coal. Therefore, while analyzing the events and situation which developed in the coal mining industry in our region, one may unintentionally ask himself a question: does the Lvov Oblast State Administration really care about the miners' problems, just as the strike leaders claimed (MOLODA HALYCHYNA of 11 July 1996)?

Data obtained by the Oblast State Administration from Mr. Chernenkov, manager for economic issues in the "Ukrzakhidvuhillya" [West Ukraine Coal] amalgamation, indicate that on 1 July accumulated debts amounted to 17.089 trillion karbovantsi [K]. One-time payments to miners constituted 5.2 percent of this sum; unpaid wages constituted 11.7 percent; deductions to the budget constituted 6.6 percent; deductions to the fund of social security and pensions — 12.2 percent; payments to specific organizations for rendered services — 53 percent.

At the same time, debts owed to mines for delivered coal amounted to K1968 billion. Around K557 billion of this sum are debts accumulated in Lvov Oblast, of which 519 billion have been incurred by the Dobrotvir-based state regional electric power plant (financed from the state budget), and some K38 billion — by the "Obpalyvo Lvivshchyny" [Lvov Oblast Fuel] amalgamation which transferred K40 billion to the "Ukrzakhidvuhillya" on 15 July. It is worth pointing out that the total debt of all the electric power stations of the Energy Ministry amounted to K1.119 trillion. The largest debt was incurred by the ill-famed "Kiev-Donbass" association (K437 billion).

The Defense Ministry incurred debts amounting to K18 billion, and so on.

According to the "Ukrzakhidvuhillya" joint stock amalgamation, total debts owed to mines amounted to as much as K9 trillion. However, it has been disclosed that those debts are basically so-called "internal debts" incurred between economic entities of the amalgamation itself.

As of today, K400 billion have been allocated from the state budget for miners in Chervonohrad to repay wage arrears. The remaining debt — 1.477 billion (as of 17 July) — will be repaid gradually.

An analysis of the aforementioned figures evokes doubts with regard to the economic expediency of the strikes held, given that during these days — from 5 to 18 July — the amalgamation lost 32,200 tonnes of coal worth K116.8 billion.

While expressing complaints to the Oblast State Administration, the miners' leaders failed to present the administration with their demands in a legible form.

Ukraine: Estimated Grain Production To Fall by 7.5 Million Tonnes

LD0108182996 Moscow INTERFAX in English
1731 GMT 1 Aug 96

[FBIS Transcribed Text] KIEV, August 1 (Interfax-Ukraine) — Ukraine's gross grain production this year,

according to the latest forecast, is estimated at 28 million tonnes, 7.5 million tonnes below last year's level.

Ukrainian Food and Agriculture Ministry official Valentin Timoshenko has said that the wheat harvest will total 15 to 16 million tonnes.

According to the latest Agriculture Ministry figures, gross grain production in the public sector will be 25.5 million tonnes (6.7 million tonnes less than last year). Private farmers will produce 2.5 million tonnes (against last year's 3.27 million tonnes).

Grain crops in Ukraine this year are being grown on an area of 13.6 million hectares. Agriculture Ministry sources say grain crops have been threshed on an area of 6.4 million hectares and 13.5 million tonnes taken in by 1 August. Yields average 21.1 centners per hectare. Early estimates say about half of the harvested grain will be rated in the fifth quality class, the lowest, Timoshenko said.

At the same time he said that even in that situation Ukraine would remain self-sufficient in grain. Ukraine's domestic demand is estimated at about 7 million tonnes.

Belarus

Belarus: Foreign Ministry Condemns Zhirinovskiy Statements

WS0208094296 Minsk BELAPAN in English
0650 GMT 2 Aug 96

[FBIS Transcribed Text] Minsk, 1 August — The Belarusian Ministry of Foreign Affairs has made a statement in view of comments by leaders of the Liberal Democratic Party of Russia (LDPR) about the political situation in Belarus. "Irrespective of the motives that gave rise to them [the comments], the unfounded public statements by public figures, intended to arouse an impulsive public echo rather than serious attitudes, may cause damage to the development of cooperation between the Republic of Belarus and its foreign partners," the Belarusian foreign ministry's statement reads. Belarusian foreign policy is "intentionally aimed at the maintenance of friendly and firm relations with both its direct neighbours and more remote countries which are linked with Belarus by partner and friendly ties." Among such countries the foreign office names the U.S., Russia, Poland and Ukraine. According to the statement, Belarus seeks to develop "good relations and a fruitful dialogue" with them "in spite of any ridiculous statements and incidents." "Especially deep concern in statements by certain groups in the Russian State Duma is provoked by attempts to oppose Belarus to its neighbours and introduce from beyond ethnic animosity, an element which was virtually never observed before in the political process in Belarus." The Ministry stresses that the Belarusian government "will accept with gratitude proposals for cooperation, support and assistance to the Belarusian people through interstate and public channels, if they originate from the heartfelt desire to help and do no harm to the direct state interest of Belarus in the formation of geopolitical space of nuclear safety, friendship and cooperation in this region of Europe."

Belarus: Lukashenka Reacts To Supposed CIA Plots Against Him

LD0108234296 Moscow ITAR-TASS World Service
in Russian 1935 GMT 1 Aug 96

[By ITAR-TASS correspondent Andrey Fomin]

[FBIS Translated Text] Mozyr (Belarus), 1 Aug (ITAR-TASS) — "The State Security Committee of the republic is seriously analyzing all the facts," Belarusian President Alyaksandr Lukashenka commented for the first time today on the information of the chairman of the State Duma committee of the Russian Federation on security Viktor Ilyukhin who a few days ago spoke about an alleged CIA plot against the Belaru-

sian leader. Speaking today to workers of the Mozyr salt plant, Alyaksandr Lukashenka said that he was put on his guard by the calls of the LDPR leader Vladimir Zhirinovskiy for towns and villages to rise in defense of the Belarusian President and also by the stormy reaction of the opposition to Ilyukhin's utterances. "It means that there is something," Alyaksandr Lukashenka stressed.

At the same time, assessing Viktor Ilyukhin's information, the Belarusian President said: "If this is an attempt to test my patience then I have strong nerves. If someone is trying to frighten me then I am not afraid of anything...I am in my own country, with my own people. Only let someone try it! If there is something real behind this, then hold your breath...eleven million honest, devoted and industrious citizens of Belarus are behind me."

Belarus: Tehran, Minsk Interested in Broader Economic Ties

LD0108201896 Moscow INTERFAX in English
1707 GMT 1 Aug 96

[FBIS Transcribed Text] MINSK, August 1 (Interfax-West) — Belarus and Iran are interested in the expansion of economic and political cooperation, Belarusian Minister for Foreign Economic Relations Mikhail Marinich told Interfax in Minsk on Thursday following a three-day visit by Iranian Foreign Minister 'Ali Akbar Velayati.

He described the visit as useful and promising and voiced confidence that relations between the two countries are on the rise.

Marinich said Belarus is ready to increase the export of tractors to Iran greatly.

During talks with President Alyaksandr Lukashenka and Prime Minister Mikhail Chyhir, the Iranian minister voiced interest in the development of a joint venture in his country for the assembly of Belarussian tractors, he said. Tehran also hopes for an increase in imports of Belarussian chemical fibers and double-purpose goods for munitions plants.

The Iranian minister said his country would study closely the Belarussian proposal on the formation of a joint paper and pulp plant in northwest Belarus.

Marinich said Iran interests Belarus primarily as a big market. He said Belarus is ready to receive Iranian oil by way of payment for its exports. Within the Customs Union with Kazakhstan, Kyrgyzstan and Russia, Belarus could use the oil for payments for raw materials from Central Asian countries.

If most of the suggested projects materialize, trade turnover between Belarus and Iran could grow to \$100 million next year, Marinich predicted. This year trade turnover is running at \$6.8 million.

Belarus: Five Detained for Smuggling Nuclear Materials Near Minsk

LD0108131596 Moscow INTERFAX in English
1302 GMT 1 Aug 96

[FBIS Transcribed Text] MINSK, Aug 1 (Interfax-West) — Members of the Belarusian KGB's [State Security Committee's] crack Alpha unit detained a group of five Belarusians on nuclear smuggling charges in the town of Borisov, 60 kilometers northeast of Minsk, on Thursday, KGB spokesman Gennadiy Senyukov told Interfax.

The group was arrested as it was preparing to ship six containers of nuclear materials, which had been kept for some time in the cellar of a private house together with home-made food preserves. Radiation levels in the cellar were three times background radiation.

The spokesman said that experts of the National Academy of Sciences were now trying to determine the number of the stolen isotope before any theory could be put forward as to the containers' origin.

The haul is estimated as being worth at least \$50,000.

Moldova

Moldova: CEC: End of Registration Deadline for Presidential Race

AU0108141796 Chisinau INFOTAG in English
2300 GMT 31 Jul 96

[FBIS Transcribed Text] Chisinau, July 31 (INFOTAG) — The time limit for registration of election blocks for participation in presidential elections in Moldova expired on 27 July, INFOTAG was informed at the Central Electoral Commission [CEC] for the presidential elections.

The representative of the commission said that in accordance with the Law on the Elections of the President (Article 19,) election blocks have to get registered within 15 days after the day of the formation of the CEC. The CEC's composition was approved by Parliament on 12 July.

"Thus, we can forget about blocks, only parties and social-political organizations and groups of citizens may nominate presidential candidates," pointed out the representative of the CEC.

An attempt to register the election Block of Popular-Patriotic Forces was made by the Socialist Party,

the Unitatea-Edinstvo Movement, and the Party of Communists [PCM]. However, this attempts turned out to be unsuccessful because of the split of the Socialist Party.

The PCM and the Unitatea-Edinstvo recognize as their block partners that part of the Socialist Party, which is headed by the mayor of Balti, Victor Morev and deputy Valeriu Senic. At the same time the documentation, including the constituent documents, and the stamp of the Socialist Party are in the hands of the group headed by the deputy Valentin Krilov, the director of the Department on National Relations, Veronica Abramciuc, and the vice mayor of Chisinau, Eduard Smirnov.

Moldova: Speaker Lucinschi Confers With Communist Party Leadership

AU0108141696 Chisinau INFOTAG in English
2300 GMT 31 Jul 96

[FBIS Transcribed Text] Chisinau, July 31 (INFOTAG) — The first secretary of the Central Committee of the Party of Communists of Moldova (PCM), Vladimir Voronin, refuted the information that ostensibly at the party plenary meeting on Tuesday, 30 July, the party's candidature for presidential elections of 17 November 1996 was discussed.

Voronin told INFOTAG that it was not a plenary meeting that took place on Tuesday, but the meeting of the political executive committee of PCM with Parliament Chairman Petru Lucinschi, former first secretary of the Central Committee of the PCM, and a member of Political Bureau of the Central Committee of the CPSU [Communist Party of the Soviet Union].

According to the leader of Moldovan communists, the meeting lasted for about two hours. "During the meeting very urgent issues were raised, the exchange of opinions going on in a very proper and correct way," noted Voronin.

He reminded that this was the first meeting of that kind two years after the PCM's formation. Vladimir Voronin believes that meetings of the higher leadership of the country with political parties are beneficial for both sides. The leader of PCM informed that before 25 August the communists will make public the party's official position for the upcoming 17 November presidential elections in Moldova. As far as the split of the Socialist Party of Moldova is concerned, according to Voronin's words, the communists recognize Valeriu Senic and Victor Morev as leaders of that party.

Tajikistan

Tajikistan: UN Observers Fail To Gain Access to Conflict Zone

LD0208085796 Moscow INTERFAX in English
0756 GMT 2 Aug 96

[FBIS Transcribed Text] DUSHANBE, Aug 2 (Interfax) — U.N. military observers have failed to reach the Tavil-Dara theater of combat operations. Tavil-Dara lies 200 kilometers east of Dushanbe.

One observer mission planned to reach Tavil-Dara from the autonomous region of Gorno Badakhshan but came under fire on the outskirts of the village of Sagirdasht, a U.N. emissary in Tajikistan told INTERFAX.

Another mission left the city of Komsomolobad but the road near the village of Chil-Dara proved to be impassable.

Two more observer missions planned to reach Tavil-Dara from Khovaling but failed to get security guarantees from the government forces.

In the meantime, government roadblocks are under incessant fire near the village of Kalai-Khusein, 12 kilometers southeast of Tavil-Dara, Tajik army sources said.

Tajikistan: Refugee Relief Efforts Viewed

MM0208083796 Moscow KRASNAYA ZVEZDA
in Russian 1 Aug 96 p 3

[Report by Nail Gafutulin: "Driven Out by War. ...Tajik Refugees. They Differ From Refugees From Other Parts of the CIS Not Only in Their Exotic Clothes But Also in Their Large Numbers"]

[FBIS Translated Text] Dushanbe — Official statistics maintain that one citizen of the republic in every five, out of its population of more than 5 million, left their homes as a result of the 1992 civil war in Tajikistan. Refugees sought salvation from the war by going to Afghanistan and the CIS countries. At the present time, according to the data of the Main Administration for Affairs of Refugees and Displaced Persons of the Republic of Tajikistan Ministry of Labor and Employment, just over 230,000 people are thought not to have returned.

It is impossible to say exactly how many have settled in Russia. According to the data of the Tajikistan Ministry of Labor, approximately 13,000 of the republic's inhabitants, mainly Russian speakers, have turned to the Russian migration services. But the overwhelming majority of refugees are in no hurry to turn to official organs and try to resolve their problems independently. Therefore they drop from the migration services' field of view.

Political decisions, above all, are needed to finally resolve this problem. The first of these is the proclamation of a general amnesty for offenses committed since 1992, unless, of course, they are rated as particularly grave offenses. But social support is needed too. Unfortunately, at present the republic's leadership can, at best, provide the refugees with preferential interest-free credits of 5,000 Tajik rubles (approximately \$17), 800 rubles (less than \$3) of material aid per family, and free travel on public transport, which operates as such only in the capital and in two or three other cities. But housing is a special problem. According to the data of the Tajikistan Ministry of Labor, approximately 35,000 houses and apartments have been destroyed in the republic. The meager material aid for the returned refugees is attributable to the shortage of money. Even the 1.432 million rubles that has been paid out recently as material aid to 1,500 refugee families is an insupportable sum for the national budget. Therefore international organizations represent the main hope.

Thus, the UN High Commission mainly gives the Tajik refugees humanitarian aid in the form of construction materials and food. In some parts of the republic its funds have been used to build approximately 30 shops for the production of soap and butter. The United Nations has distributed sewing machines to 6,000 women who have lost their breadwinners and has opened private sewing shops. But this is clearly not enough. Therefore the International Committee of the Red Cross [ICRC] has asked donor countries and organizations to provide over 9 million French francs in aid to victims of the conflict in Tajikistan. The ICRC plans to deliver humanitarian aid to Tajikistan for approximately 40,000 people. Food stocks sufficient to feed over 500,000 people for two months will also be created.

Several more international organizations are operating in Tajikistan, tackling the refugees' problems in earnest, but Tajikistan government organs are particularly grateful to Russia and the CIS Collective Peacekeeping Force, whose backbone is the 201st Motorized Rifle Division. Since the end of 1993 Russian peacekeepers have escorted 11 convoys of humanitarian freight and transported over 9,000 refugees by air and road to Gorno-Badakhshan Autonomous Oblast alone. In all, Russia has delivered humanitarian aid to a value of over 7 billion [Russian] rubles during this period.

...We still do not know when all the Tajik refugees will return to their native republic. In 1996 it is planned to create special working groups in Tajikistan which will endeavor to ascertain the precise number of Tajik refugees in the CIS states and to define more precisely the possibility of their returning home. But we already know that to date almost 12,000 people have refused to return to their places of permanent residence. This is official....

Armenia

Armenia: Karabakh Welcomes Continued Russian Mediation Efforts

NC0208084096 Yerevan SNARK in English
1831 GMT 1 Aug 96

[FBIS Transcribed Text] Yerevan, August 1 (SNARK) — Naira Melkumyan, NKR [Nagorno-Karabakh Republic] Deputy Representative in Armenia, who accompanied the OSCE Minsk group's co-Chairman Vladimir Kazimirov and Yuriy Yukalov, who will take over Kazimirov's post, during their visit to Nagorno-Karabakh on July 31, informed Snark that they thanked Vladimir Kazimirov for his work in the OSCE Minsk group and welcomed Yuriy Yukalov's appointment as Russia President's personal envoy to negotiations on Nagorno-Karabakh. She expressed hope Russia will continue its active and unbiased mediator mission for peaceful resolution of the Karabakh conflict.

According to her, in Stepanakert the Russian diplomats met NKR Prime Minister Leonard Petrosyan, Defense Minister Samuel Papayan and officials from the Foreign Affairs Ministry. At Yukalov's request, they described the stance of NKR leaders on the ways of settling the Karabakh problem.

Yuriy Yukalov showed special interest towards economic situation and outlooks in Karabakh. Speaking over the matter, Prime Minister Leonard Petrosyan noted currently Karabakh completely provides itself with cereals and is able to sell wheat to Armenia.

Defense Minister Samuel Papayan describing the situation along the front line said incidents are of local nature. Powerful and efficient defense Army allows the political figures to continue their peace-seeking efforts.

In addition, again at Yukalov's request, NKR leaders familiarized him with the history of Karabakh and the Karabakh conflict. The Russian delegation attended the town of Shusha which is the historical center of Karabakh. Yukalov hailed his first visit to Karabakh as useful and cognitive.

On August 2, Yuriy Yukalov will meet NKR Foreign Minister Arkady Ghukasyan who is to arrive in Yerevan.

Armenia: Russian OSCE Official Meets Ter-Petrosyan

NC0108162596 Yerevan NOYAN TAPAN in English
1122 GMT 1 Aug 96

[FBIS Transcribed Text] Yerevan, August 1 (Noyan Tapan) — "I believe it's too early for me to make political statements. I am just beginning to realize this very com-

plex problem", Yuriy Yukalov, a newly appointed Russian Presidential Representative at the negotiations over Karabakh, Head of the Russian mission at the OSCE Minsk group, said after his meeting with President of Armenia Levon Ter-Petrosyan on August 1. Yukalov said that his country was concerned with the settlement of the Karabakh conflict. He noted that his impressions of Karabakh were interesting, positive and wonderful.

Armenia: Refugees Stage Demonstrations; Protest Rights Violations

NC0108161596 Yerevan NOYAN TAPAN in English
1114 GMT 1 Aug 96

[FBIS Transcribed Text] Yerevan, August 1 (Noyan Tapan) — Armenian refugees from Azerbaijan staged Wednesday a demonstration in front of the Presidential Palace protesting against violation of their rights. The demonstration was initiated by a public center promoting protection of refugees' rights.

Refugees handed the Head of Presidential Secretariat Karen Ter-Abrahmyan a statement addressed to President of Armenia Levon Ter-Petrosyan. The following demands were set:

- under the Constitution in effect, international laws are to be applied in relation to all refugees until the National Assembly adopts law on the refugee status;
- refugees illegally recruited to the Armenian Army must be immediately exempted from military service and freed;
- all refugees of draft age must be exempted from military service;
- all persecutions of refugees of draft age by police and military services must be stopped.

Today refugees were to meet with the Head of Presidential Secretariat to receive official response to their demands.

Azerbaijan

Azerbaijan: Baku Rules Out Any Upsurge in Anti-Russian Mood

LD0108194796 Moscow INTERFAX in English
1542 GMT 1 Aug 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Baku's strong move against the Russian police's mishandling of the so-called "persons of Caucasian descent" has helped to prevent massive violations of the Azerbaijanis' rights in Moscow. Idayat Orudzhev, presidential aide for nationalities policy, told Interfax

"As soon as we learnt about round-ups and detentions of Azerbaijanis in Moscow, we immediately demanded this must be stopped," he said.

Orudzhev said Russia responded accordingly in a matter of two days.

He said that Deputy Prime Minister Abbas Abbasov and Azerbaijani Ambassador to Moscow Ramiz Rizaev held talks on the issue with top Russian officials, including Deputy Prime Minister Aleksey Bolshakov, Nationalities Minister Vyacheslav Mikhaylov and representatives of the Moscow Mayor's office.

Bolshakov in a telephone conversation with President Geydar Aliyev held out promises of a fair investigation into the detention of Azerbaijanis saying there would be no bias towards or unlawful treatment of the detainees. Baku hopes Moscow will live up to its promises, the aide said.

He also complained about the Russian media's bias towards members of the so-called Caucasian descent in matters such as crime.

Baku and President Aliyev himself are strongly opposed to such allegations which are in breach of civilized norms, the aide said adding that crime has no specific homeland or nationality.

To make his case, Orudzhev said Russia itself was a multiethnic state, while Moscow a multiethnic city. He said the notion of Caucasian nationality was non-existent as such.

"The Caucasus is the home of many ethnic groups, each with its own history, culture and national heroes," he said.

Orudzhev said it made no sense to peddle out the theme of ethnic crime, including Azerbaijani, because it was hard to determine exactly which ethnic groups are more crime-prone than others.

He said Baku was opposed to any police round-ups and detentions on ethnic grounds and any witch-hunt against Azerbaijanis or members of other ethnic groups coming from the Caucasus region.

Orudzhev ruled out any upsurge of the anti-Russian mood in Azerbaijan in retaliation of the Moscow police's handling of anyone coming from the Caucasus.

He denied the existence of any threat to ethnic Russians living in Azerbaijan saying any suggestion on that score was groundless.

President Aliyev has repeatedly said Azerbaijan was a multiethnic republic, and described this as being the country's wealth, the aide said adding that the rights

of ethnic Russians are warranted by the Azerbaijani constitution and the president himself.

The aide said the notion of assimilation of or discrimination against minority groups was alien to local mentality.

He said there had not been a single incident of civil rights violations on religious or ethnic grounds in Azerbaijan unlike Armenia whose ethnic cleansing campaign of 1988-1989 led to the expulsion of more than 200,000 Azerbaijanis, 18,000 Kurds and about 1,000 ethnic Russians.

The aide said there were about 16,000 Armenians in Baku alone while there was not a single Azerbaijani, apart from hostages or prisoners of war, living in Armenian-annexed Azerbaijani lands.

He put at about 1 million the number of refugees from the Karabakh conflict, including ethnic Russians, Kurds and members of other ethnic groups.

The aide said that over 300,000 ethnic Russians of Azerbaijan consider themselves full-fledged citizens of the republic.

In this connection, he suggested that Azerbaijan may well be the only former Soviet republic not to have closed Russian-speaking schools. Moreover, he said, 15 other new Russian newspapers have emerged in recent time and the volume of Russian-language TV and radio broadcasting has increased, while all Russian language theaters are open.

The aide said that despite wartime hardships and economic difficulties, allocations were being made from a special presidential fund to help towards the development of minority groups.

Significantly, he said, members of almost all ethnic groups are among Azerbaijan's national heroes including Yuriy Kovalev, a Russian, who was one of the first to distinguish himself in battles in the defense of Azerbaijani sovereignty and integrity.

He blamed the exodus of Russians in the late 1980s and early 1990s on the conflict with Armenia, economic blockade, the closure of northern routes, a weakening of ties with Russia and on the break-up of the former Soviet Union. But he also spoke of a reverse trend now setting in, with many Russians asking Aliyev to be allowed to return to their former homeland, some of them businessmen willing to provide economic aid to the republic.

On a recent attempt by opposition youth groups to mount a picket outside the Russian embassy in Baku, Orudzhev blamed this on the Moscow police's handling

of Azerbaijanis causing serious discontent in Azerbaijan. He said Baku was opposed to the idea of any protests being held on that score. "As evidenced by recent events, we can resolve all controversial issues with Russia by negotiation," he said.

Azerbaijan: Iran Reportedly Accuses Azerbaijan of Interference

*NC0108212496 Yerevan NOYAN TAPAN in English
1940 GMT 1 Aug 96*

[FBIS Transcribed Text] Yerevan, August 1 (NOYAN TAPAN)— Commenting on the recent visit by Azeri Interior Minister Ramil Usubov to Iran, Iran Radio said that the main objective of the visit was to give explanations regarding the anti-Iranian propaganda in

Azeri mass media. Iran Radio described this propaganda as a direct involvement in Iran's domestic affairs. "There is no doubt that this propaganda has some connection with the Israeli regime and dependent on it leaders, who attempt to sour friendly relations with Iran", Iran Radio said.

It is said that the governments which until recently have been at power in Azerbaijan were trying to appease Iran's enemies. Iran tried to convince Azerbaijan's leaderships that these tricks by Iran's enemies may lead to negative consequences. The visit by the Azeri Interior Minister to Iran is a good chance for the Azeri officials to get familiarized with Iran's stance on the principle of good-neighborliness", the Iran Radio said.

Latvia

Latvia: Minister Claims Country 'May' Join WTO 'This Year'

LD3107192096 Riga Radio Riga Network in Latvian
1800 GMT 31 Jul 96

[FBIS Translated Text] Latvia may join the WTO this year, Minister of Economics Guntars Krasts reported during a news conference today on his return from a working visit to Geneva. The minister noted that every country that wishes to join the WTO is given a transition period so that its trading and tariff policies are coordinated with the organization's standards. At the present phase of the talks, Latvia needs to submit its request in conformity with requirements and, as Guntars Krasts emphasized, without joining the WTO here can be no talk of joining the EU.

Latvia: Birkavs Tries To Interest Japanese Investors

LD0108191496 Riga Radio Riga Network in Latvian
1700 GMT 1 Aug 96

[FBIS Translated Text] Foreign Minister Valdis Birkavs is continuing his visit to Japan. At a news conference in Tokyo today, he tried to encourage Japanese investors to pay more attention to our country. Birkavs mentioned such favorable factors as political stability, the favorable geographical position in the Baltic region, and a

benevolent monetary policy. Valdis Birkavs continues: [Begin Birkavs recording] It seems to me there is real interest in Latvia in Japan. On the other hand, we have been doing very much here to increase that interest. My first interview has already been published in one of the biggest Japanese newspapers, and evidently today the work is not without result. It has already been decided — and I am convinced that this is right — that in the near future we will open a Latvian information center in Tokyo, and it will be financed by the Japanese side. The real interest in Latvia here is relatively great — I would say unexpectedly great. [end recording]

Latvia: Estonian Fishermen's Union Protests Sea Border Agreement

LD3107194396 Riga Radio Riga Network in Latvian
1700 GMT 31 Jul 96

[FBIS Translated Text] The Estonian Fishermen's Union is protesting against the Estonian-Latvian agreement on the sea border, and states that the agreement, which must be ratified by the Estonian parliament, is beneficial only to Latvia. The Estonians believe that the agreement (to change it within the Gulf of Riga retains the) 12 nautical miles of territorial waters. In their opinion the neutral waters located between the two countries' territorial sea borders must be divided equally between the two countries.

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